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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2061

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INTERNATIONAL AFFAIRS

CEMA ACTIVITIES, COOPERATION IN 1979 REVIEWED

East Berlin DEUTSCHE AUSSENPOLITIK in German Vol 25 No 8, Aug 80 signed to press 3 Jul 80 pp 26-36

/Article by Dr Hans-Joachim Dubrowsky, Bruno Leuschner College of Economics, East Berlin: "CEMA Cooperation 1979"/

/Text/ 1979 was a year of intensive economic cooperation among the CEMA countries. The international division of labor further advanced in the CEMA region, the conceptual work for the main trends of cooperation through 1990 was largely concluded, coordination of the 1981-1985 five-year plans initiated. In 1979 CEMA again increased its international influence and adopted important international initiatives.

1979--The 30th Anniversary of CEMA

In January 1979 the Council for Economic Mutual Aid celebrated its 30th anniversary. The governments of the member countries considered this an outstanding event. The 33rd Council Meeting in the summer of 1979 produced a comprehensive collective appraisal of the work done and future CEMA tasks.[1] At the same time the CEMA countries stressed that the operations of CEMA pursued the same goals throughout these 30 years: To develop close economic links among the fraternal countries, to strengthen the power and unity of the socialist community of nations, and to promote the construction of socialism and communism.[2] At the same time they stated:

"By praising the results of the 30 years of operation of the Council for Economic Mutual Aid the heads of delegations to the 33rd Council Meeting give notice of the firm resolve of the CEMA member countries in future also to deepen all-round economic and scientific-technological cooperation, to breathe life into the principles of the Complex Program for the further deepening and perfection of cooperation and the advance of socialist economic integration among the CEMA member countries in the interest of every single member and the CEMA community as a whole, in the interest of the construction of socialism and communism and the guarantee of lasting world peace."[3]

The Preparation of Long-Range Strategies

Concluded in 1979 was the preparation of the five long-range target programs for the period 1980-1990 regarding cooperation in important areas. The summer 1979 Council Meeting enacted the last two target programs: For cooperation in the field of industrial consumer goods and for the development of transport links between the

CEMA countries. Furthermore the target program, enacted in 1978, on cooperation in machine construction was supplemented by agreements on making available machines and equipment to industries producing industrial consumer goods and to the transportation systems.

The program for cooperation in the field of industrial consumer goods orients to the improvement of quality, the renewal and expansion of assortments, the standardization of efforts to introduce new technological processes which will result in greater productivity and improved working conditions. The program for cooperation in transportation services serves the development of efficient transport links between the CEMA countries, border rail depots and ports, the improvement of cargo carrying services by inland shipping and road transport, the expansion of container services and other modern types of transportation, including the mechanization of loading and unloading operations.

Within this context and to implement this target program an agreement was concluded in 1979 on cooperation in rail transport, the comprehensive development and reconstruction of motorways, and civil aviation. They include coordinated measures for the reconstruction and technical reequipment of important international rail routes, the construction of new rail border crossings, the motorways Moscow-Warsaw-Berlin and Moscow-Bucharest-Sofia, international airports and the joint use of international airlines.

The CEMA countries must conclude some 150 agreements to carry out the five long-range target programs. Twenty-two had been concluded by the time the 33rd Council Meeting began; another 14 were signed at the meeting. In the meantime many more agreements have been enacted. On 1 March 1980 the count was 52, including 10 in the energy/raw material/fuel field, 15 relating to transportation and 7 to agriculture and the food industry. In addition to the target programs which are of a multilateral nature and therefore incorporate coordinated strategies for the entire community in the respective fields, the first two long-term bilateral agreements were concluded in 1979 between the Soviet Union as the chief partner of all the other CEMA countries and two European member countries; both involved specialization and cooperation: In September with the People's Republic of Bulgaria and in October, on the occasion of the 30th anniversary of our republic, with the GDR. In early 1980 similar programs were coordinated by the Soviet Union with the People's Republic of Poland and the CSSR, in May with the Socialist Republic of Romania. When this work is finally completed we will have an entire system of bilateral agreements which will, on the one hand, help implement the target programs and on the other begin to transcend the areas included in the five target programs.

These bilateral agreements on specialization and cooperation, suggested at the Crimean Conference of the general secretaries and first secretaries of the fraternal parties, are to be operative until 1990, just like the target programs. Together with the target programs they represent the basic coordination documents for the next two five-year plan periods. They provide the basis for ensuring that this period turns out to be a decade of intensive international specialization and cooperation in science and production, as is the aim of the CEMA countries party leaders.

The program of specialization and cooperation agreed by the GDR and the USSR sets out the basic directions for the development of economic and scientific-technological cooperation, especially the further combination of the material resources and scientific-technological potentials of the two countries. This is of crucial importance for both partners, because the Soviet Union accounts for about 30 percent of the GDR's foreign trade turnover with the CEMA countries and for some 36 percent of the GDR's total foreign trade turnover and is therefore our major trading partner. By coordinating the main directions of the division of labor between the two countries for the next 10 years the GDR enjoys important premises for the division of labor with the other countries also as well as a reliable base for its own economic development.

In 1979, starting from the signed and sealed program of international specialization and cooperation between the GDR and the USSR, the equal government commission decided the main directions of specialization and cooperation for some industries. Examples are the chemical industry and petrochemicals, the electronic and electrical engineering industry, equipment construction, machine tool, foundry machine, textile and printing machine manufacture, farm machine construction and machine construction for the light and food industries. In June last the equal government commission enacted another 20 main directions. The resolution on the respective main directions provides for precise measures for the planned international division of labor in the sectors involved. They will be implemented by the competent ministers.

Plan Coordination 1981-1985

1979 was the year of intensive preparations for plan coordination in the period 1981-1985. We cannot value highly enough the fact that the CEMA countries are making an early start on coordinating the drafts of their five-year plans. All CEMA countries consider cooperation in planning, including the coordination of the five-year plans, the main method for the organization of their economic and scientific-technological cooperation. It is possible only in socialist countries to organize reciprocal relations in this kind of planned manner. It requires the social ownership of the means of production, total societal planning and socialist principles of international cooperation.

Consequent upon the intensive preparatory work in CEMA and at the bilateral level throughout 1979, protocols on the results of plan coordination were signed by some CEMA countries in early 1980. That represented a tremendous gain of time for the preparation of the five-year trade agreements and the completion of the five-year plans of the countries involved.

In early February 1980 the GDR was able to conclude the most important plan coordination protocol with its main integration and trading partner, the Soviet Union. In the coming five-year plan period the Soviet Union will again account for about a third of our foreign trade and roughly half of our trade with the CEMA countries.. This fact explains why the coordination of the two countries five-year plans is of the utmost importance for us.

The protocol on the results of plan coordination with the USSR takes over the measures of the long-range target programs, the program of specialization and cooperation through 1990 and other long-range documents insofar as they apply to the period 1981-1985. Coordinated at the same time was the reciprocal exchange of goods. At 1979 prices the next 5 years trade between the GDR and the USSR is to increase to 240 billion valuta marks. That corresponds to a 30 percent rise by comparison to the current five-year plan period. Reciprocal machine deliveries will climb to about 135 percent and deliveries of chemical products to about 140 percent.

Of particular importance for the GDR is the fact that it will once again be able for 5 years to meet the major part of its raw material import needs from the Soviet Union and at the same time supply large quantities of finished products to the USSR. The Soviet Union has agreed to supply us with 95 million tons of crude oil, 32.5 billion cubic meters of natural gas, 21 million tons of hard coal, 8.5 million tons of iron ore, 16 million tons of rolled goods, 7.7 million cubic meters of lumber, 44,300 tons of cotton, 457,000 tons of wood pulp, 650,000 tons of aluminum and many other products important for us.[4] The quantities will generally be greater than in the current five-year period, though the delivery volume of some raw materials, such as crude oil, will remain at the 1980 level.

In the period 1981-1985 the GDR sill supply to the Soviet Union (among other items) 370,000 geared engines, 3,700 rotary crawler cranes, 6,000 refrigerated freight cars, 3,275 long distance passenger rail cards, 150 ships and many other products, especially of machine construction, the electrical engineering and electronics, chemical and consumer goods industries.[5] The USSR's machine deliveries to the GDR include equipment for nuclear and thermal power plants, geological prospecting, the construction and building material industry as well as metallurgy, all of which is very important for us indeed.

Rising International Trade of the CEMA Countries

The CEMA countries foreign trade turnover in 1979 amounted to R196 billion, rising by nearly 13 percent. Reciprocal trade again accounted for the lion's share, some 58 percent of the total turnover--R111 billion. In 1979 the foreign trade turnover of the individual CEMA countries increased as follows:

Bulgaria	+ 11.4 percent	Romania	+ 19.1 percent
Hungary	+ 13.4 percent	GDR	+ 12.0 percent
Cuba	+ 2.6 percent	Soviet Union	+ 14.3 percent
Mongolia	+ 12.0 percent	CSSR	+ 10.7 percent
Poland	+ 8.9 percent	Vietnam (imports)	+ 10.7 percent

Even when we consider that 1979 witnessed another price increase in international trade, it is evident that the CEMA countries have succeeded in further expanding trade.

In 1979 also the CEMA countries met the major part of their import needs from reciprocal deliveries, especially on the basis of close cooperation within the framework of socialist economic integration. The percentage of reciprocal deliveries in the CEMA countries total 1979 imports amounted to nearly 68 for machines and equipment, 93 for hard coal, about 70 for iron ore, 60 for rolled ferrous metal goods and 68 for crude oil. Percentages for some countries were actually considerably higher than that.[7] The GDR, for example, met some 90 percent of its crude oil needs from USSR deliveries.

Resulting from the further rise in the turnovers in the CEMA countries reciprocal trade we also had an increase in the settlements made in transferable rubles at the

International Bank for Economic Cooperation. The total volume of operations in transferable rubles at that bank amounted to 165.6 billion in 1979, a 9.5 percent rise. Reciprocal settlements (accounted for to 95 percent by settlements arising from the exchange of goods) amounted to 114 billion transferable rubles. The bank's volume of lending rose by 46.3 percent in 1979 and amounted to 8.3 billion transferable rubles. Short-term settlement loans accounted for about 90 percent. At the end of 1979 the CEMA countries had achieved a better balance in their reciprocal payments than in 1978, so that the loans outstanding on 31 December 1979 were 8 percent lower than at the end of 1978.

New Integration Projects Operational

Operations started in November 1979 in one of the major joint projects undertaken by the CEMA countries, the Kiyembai asbestos combine (strip mining and processing plant) in the Soviet Union. Initially the plant is producing 250 kilotons of asbestos per annum; its ultimate capacity will be 500 kilotons. Involved in the construction of the facility in addition to the USSR were Bulgaria, Poland, the GDR, Hungary, Romania and the CSSR. They contributed 106.2 million transferable rubles to the construction costs which amounted to a total of 335 million transferable rubles.[8] This involvement was represented mainly by supplies of equipment for the joint project. The GDR, for example, sent structural metal, cables, cement, two cement mills, crawler and rail cranes, pumps and electric locomotives. Excavators, freight elevators and dump trucks came from Poland. The CSSR supplied electric locomotives and dumpsters, Bulgaria small transport vehicles, among others, Romania electrical and electronic equipment, Hungary special constructions, and so on. The countries involved will receive large asbestos deliveries for initially 12 years:

Agreed Asbestos Deliveries to the Participating Countries (1,000 tons)[9]

	1980	1981	1982-1991
Bulgaria	20.0	36.0	40.0
CSSR	7.0	11.9	14.0
Poland	25.0	44.5	50.0
Hungary	1.5	2.5	3.0
GDR	20.0	36.0	40.0
Romania	15.0	25.5	30.0

Another major integration project, the Ust-Ilimsk woodpulp combine, began test runs at the end of 1979. Involved here in addition to the Soviet Union (the country of location) are Poland, Hungary, Bulgaria, Romania and the GDR. Following the tests, the first expansion stage with a capacity of 250 kilotons started full operations in April 1980, and deliveries to the countries involved began also. Here again deliveries are initially set for 12 years, 48 kilotons per annum to Bulgaria, 40 kilotons to Poland, 39 kilotons to Hungary, 50 kilotons to Romania and 28 kilotons to the GDR.

The investment volume of this common project is substantially larger than that involved in the Kiyembai asbestos combine. It amounts to some 800 million transferable rubles, and some 40 percent of this sum are being paid by the five countries which joined the Soviet Union in the construction.[10] Accordingly their share of the plant's production has also been fixed at about 40 percent (205,000 tons per annum).

For the woodpulp combine the participating countries again mainly supplied equipment, but deliveries also included consumer goods and chemical products. The GDR, for example, made available for Ust-Ilimsk metal structures, electrical devices, ventilation and refrigeration equipment. Bulgaria supplied cables, loading and unloading devices, Hungary warehouse and ventilating equipment, Poland metal structures, dyes, varnishes and pipes, Romania cables and metal structures. The future importance of this joint venture for the CEMA countries supply is demonstrated by the fact that the timber reserves of the Ust-Ilimsk region will last for more than 50 years based on the planned annual production of 500,000 tons of woodpulp.

Also largely completed in 1979 was the Adria oil pipeline, an interesting joint venture of the CEMA countries Hungary and CSSR with the Socialist Federative Republic of Yugoslavia. This runs from the new deep sea port of Omisal on the Adriatic island of Krk near Rijeka through Yugoslavia and Hungary to the CSSR and will carry Mideastern oil to those countries. Hungary and the CSSR participated with a loan and the construction of the Hungarian sector up to the pipeline's joining up with the "Friendship" oil pipeline. Yugoslavia will pay for the loan by providing transit services. The final capacity will be achieved in 1980; from them or Hungary and the CSSR will receive 5 million tons of crude per annum by way of the pipeline. The "Adria" pipeline is a splendid example of the CEMA countries excellent cooperation with Yugoslavia which, since 1964, has been linked to CEMA by a government treaty and participates in the work of nearly all CEMA organs. It is worth mentioning that, in 1979, two thirds of the CEMA countries trade with other socialist countries was accounted for by trade with Yugoslavia.

Completed in the Soviet Union shortly before the end of the year was the first expansion stage of Atommash, a major plant for the mass production of power plant equipment. This operation is of the utmost importance for the implementation of the long-range energy target program. It will supply the main equipment for the majority of the nuclear power plants planned by the CEMA countries. To be constructed here are 1,000 megawatt reactors which represent a new generation by comparison to the 440 megawatt reactors which have so far been used exclusively in the CEMA region. Also supplied by this plant will be the equipment for the two community power plants of 4,000 megawatts each, projected in the target program. They are to be constructed in the Soviet Union in the course of the next few years. "Atommash" is the chief material base for raising the proportion of nuclear energy in the USSR's energy balance from 5 percent now to 25 percent in 10 years time.

Also recorded in 1979 were many other events related to the completion of important integration projects. Among others natural gas began to flow through the Soyuz pipeline from Orenburg, and the first electricity arrived from the USSR via the initial 750 kilovolt community line. The GDR was involved in both projects. They will now yield precious energy to the GDR for a long time to come.

Again in 1979 the International Investment Bank provided an effective contribution to the further deepening of the CEMA countries' economic cooperation. It handed out 5 new loans in the total amount of 94.4 million transferable rubles. Total loans granted by the bank now number 65. (In April 1980 the bank council approved another 6, including a first loan to an international economic association.) The International Investment Bank approved a total of loans amounting to about 3.2 billion transferable rubles in the period 1972-1979, 2.5 billion of which have so far been called upon. Forty-three projects have already been completed. In 1979 these completed projects yielded about 1 billion transferable rubles worth of additional goods for reciprocal exchange.

The loans granted by the bank in the years 1971-1979 went to the following industries:

Fuel and energy	76.1 percent
Machine construction and metal processing	11.3 percent
Metallurgy	6.0 percent
Chemicals	3.1 percent
Others	3.5 percent

Extensive International Relations and Operations

1979 also witnessed another expansion in CEMA's international relations. CEMA now maintains permanent relations with about 60 international organizations and, in 1979 alone, attended nearly 50 conferences held by UN facilities.

The 30th anniversary of the Council for Economic Mutual Aid found a widespread international echo. Attending the 33rd Council Meeting of the member countries in addition to the delegation from the Socialist Federative Republic of Yugoslavia were observer delegations from the People's Republic of Angola, the Democratic Republic of Afghanistan, the Republic of Iraq, the People's Democratic Republic of Yemen, the People's Democratic Republic of Laos, the United States of Mexico, the People's Republic of Mozambique, the Republic of Finland and Socialist Ethiopia. Also in attendance were a representative of the UN General Secretary and representatives of the UN Economic Commission for Europe (ECE) and the UN Organization for Industrial Development (UNIDO). At the request of the Government of the People's Democratic Republic of Yemen the Council Meeting adopted a resolution on Yemen's observer status with the council organs.

In 1979 the CEMA executive committee discussed coordinated economic cooperation with Ethiopia, Angola and Kampuchea. As far back as the 87th meeting (October 1978) of the executive committee, the interested CEMA countries responded to a request by Socialist Ethiopia and coordinated the trends of multilateral cooperation with that country. They also exchanged information about multilateral economic and scientific-technological aid for the People's Republic of Angola to serve the latter's agricultural development. In late March 1979 the 89th meeting approved a program for the cooperation of interested CEMA members in the development of Angolan farming. At that executive committee meeting interested member countries also dealt with issues regarding material aid to the People's Republic of Kampuchea. It is common knowledge that, subsequently, various CEMA countries concluded agreements with the Government of the People's Republic of Kampuchea concerning economic aid, including supplies free of charge. In addition to the USSR these countries include the GDR.

The "Declaration on the 30th Anniversary of the Council for Economic Mutual Aid" was able to claim that the attraction of the principles and methods of cooperation among the member countries, their outstanding socioeconomic successes, the steadily firmer democratic nature of CEMA operations and its great international authority exert a beneficial effect on world economic relations and arouse growing interest for the experiences of this cooperation among many countries worldwide.

"Yugoslavia's involvement in the work of the CEMA organs is increasing. Cooperation is proceeding with the Korean Democratic People's Republic and the People's Democratic Republic of Laos. Multilateral economic relations are being initiated with the People's Republic of Angola and Socialist Ethiopia. CEMA cooperates on the basis of agreements with Iraq, Mexico and Finland."[11]

In 1979 the CEMA countries again emphasized their willingness to develop--on either a bilateral or multilateral base--an equal, mutually beneficial cooperation with all socialist countries, developing countries and others. In the course of 1979 the CEMA organs were frequently concerned with relations to the EEC because about 60 percent of the CEMA countries trade with the capitalist industrial countries is transacted with EEC members. They reiterated the willingness of CEMA and its member countries to conclude with the European Economic Community and its member countries an agreement based on the equality of the two communities and in the interest of total European cooperation.

"The CEMA member countries are resolved to strengthen the bonds of friendship and equal cooperation with all socialist countries. They consistently champion the development of equal and mutually beneficial cooperation with developing countries as well as other states, regardless of their systems."[12]

In 1979 the CEMA countries concluded more than 100 new long-term agreements on economic and scientific-technological cooperation with 39 developing countries. They now maintain economic relations with 86 developing countries, including 25 in Asia, 41 in Africa and 20 in Latin America. In 1962, by way of comparison, trade relations existed with a total of only 36 developing countries. By the end of 1979 some 1,500 agreements on long-term industrial cooperation, for example, had been concluded with these countries. About 300 mixed companies and banks with financial participation of socialist countries are operating on capitalist markets.

At the same time 1979 also offered the CEMA countries several occasions to issue official statements commenting on imperialist attempts to misuse economic relations for the exertion of political pressure on the socialist countries. Such attempts are doomed to failure. At the 93rd meeting of the executive committee in early 1980 the CEMA countries unanimously agreed that they intended to counteract any worsening in international relations and will struggle for an end to discrimination as well as for the achievement of full equality.

Vietnam--The Latest CEMA Member Country

In 1978 the Socialist Republic of Vietnam joined CEMA. Since then CEMA and its organs did a great deal of work in order to include Vietnam in CEMA operations and provide effective aid to that country. The representatives of Vietnam began by collaborating in the committees of the council and are gradually joining in the permanent committees. Programs for cooperation in various fields were drawn up. The 33rd Council Meeting adopted the basic resolution to extend to the Socialist Republic of Vietnam the measures of the Complex Program aimed at the speeded-up development of the Mongolian People's Republic and the Republic of Cuba. This provided an important and fundamental decision by which Vietnam, just as the other two extra-European member countries, will enjoy the extensive backing of the other CEMA member countries for its own socialist construction.

In 1979 the CEMA members were compelled to consider the Chinese aggression against their fellow member country. A declaration by the executive committee in late March 1979 summarily condemned Chinese aggression on behalf of the member countries Bulgaria, Hungary, Vietnam, GDR, Poland, Mongolia, Cuba, USSR and CSSR.

"Faithful to the principles of socialist internationalism the People's Republic of Bulgaria, the Hungarian People's Republic, the GDR, the Republic of Cuba, the Mongolian People's Republic, the People's Republic of Poland, the USSR and the CSSR declare their full solidarity with heroic Vietnam."[3] At the same time these countries adopted measures for prompt aid to the Vietnamese fraternal people and stated their firm resolve to continue backing the just cause of the Vietnamese people. The GDR's party and government leaders, for example, decided to grant urgent additional aid to the Socialist Republic of Vietnam and to supply goods to a total value of M265 million free of charge.

It was also of the utmost importance for the Socialist Republic of Vietnam in 1979 that the International Investment Bank of the CEMA countries granted it a first loan. The money was earmarked for the construction of a nitrogen fertilizer plant which will be built in Vietnam with Soviet aid and is to have an annual capacity of 200 kilotons. This plant will help largely to raise rise yields in the Socialist Republic of Vietnam. After completion the proportion of domestic production in meeting nitrogen fertilizer needs will rise from the present 4 percent to 35 percent.

Further pursued in 1979 was the CEMA countries contribution to the construction of projects in Vietnam, especially important because the People's Republic of China had ceased technical aid for these projects in 1978. The CEMA countries 1979 exports to the Socialist Republic of Vietnam expanded substantially, those of the Soviet Union, for example, from R305.5 million in 1978 to R446.2 million in 1979. Toward the end of the year the Socialist Republic of Vietnam was accepted as a member of "Intersputnik," the organization of socialist countries for space communications.

For the CEMA countries 1979 was a year of intensive cooperation and important strategic decisions for the future. It will now be necessary to translate these decisions into practice so as to achieve an effective contribution to the greatest possible efficiency, a substantial rise in capacity and, consequently, the further stable and successful progress of the economies of all the countries involved.

FOOTNOTES

1. See W. Ullmann, "Successful Cooperation in CEMA," DEUTSCHE AUSSENPOLITIK, Berlin 1979, No 9, pp 10 ff.

2. See "Declaration on the 30th Anniversary of the Council for Economic Mutual Aid," NEUES DEUTSCHLAND, Berlin, 30 June/1 July 1979.

3. Ibid.

4. See NEUES DEUTSCHLAND, Berlin, 6 February 1980.

5. Ibid.

6. Source: INFORMATIONSBULLETIN of the International Bank for Economic Cooperation, Moscow 1980, No 8.

7. EKONOMICHESKAYA GAZETA, Moscow 1980, No 16, p 21.

8. See GDR-AUSSENWIRTSCHAFT, Berlin 1979, No 48, p 1.

9. Source: I. Vince, "CEMA's International Monetary System," Budapest 1978, p 89.

10. See GDR-AUSSENWIRTSCHAFT, Berlin 1980, No 15, p 1.

11. NEUES DEUTSCHLAND, Berlin, 30 June/1 July 1979.

12. Ibid.

13. See "11. Tagung des ZK der SED. Bericht des Politburos an das ZK der SED" /Eleventh SED Central Committee Plenum. Politburo Report to the SED Central Committee Plenum/, Berlin 1980, p 21.

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ALBANIA

IMPORTANCE OF ORE-ENRICHMENT ACTIVITY STRESSED

Tirana ZERI I POPULLIT in Albanian 16 Aug 80 p 1

[Editorial: "Ore-Enrichment--A Great Reserve and a First-Rate Duty"]

[Text] In his speech "The Progress of the Country Is Inseparable from the Development of Science and Technology," delivered at the Eighth Plenum of the Party Central Committee, Comrade Enver defines the broad and extensive development of the enrichment and processing of mineral ores for the Seventh Five-Year plan and for the future as "one of the main links and fields of the scientific-research work and of technical progress."

Plants for the enrichment of copper, chrome, coal, iron-nickel, and quartz ores and so forth have been built and put into operation in our country, in addition to the various workshops for selection built near every mining enterprise. This made it possible, for example, to proceed this year to the enrichment of 70 percent of the copper ore, 20 percent of the chrome ore and 40 percent of the coal and so forth. These facts constitute a success for our economy and a base from which we must start in making more rapid steps forward toward implementing the directives of the Seventh Party Congress so that we will enrich all our mineral ores and increase their value before they go for processing and exportation.

The implementation of this directive is closely linked with the party guideline to make our socialist economy even more powerful and more independent. The rapid achievement of the objectives in this field demands that our workers and scientists, who work for the enrichment of the known ores and of the new ones which are continually penetrating into our economic circulation must form a more complete and far seeing understanding and conception of the importance, role and proportions of the development of this branch of the mining industry. This industry no longer extracts only a few mineral ores; on the contrary, it extracts dozens of kinds of mineral ores, many of which exceed the million of tons produced. Therefore, progress in the field of mining is determined by the evaluation given to the studies, planning and training of cadres, to the introduction of advanced technological indicators and the improvement of the economic effectiveness of this vital branch of our economy. Mineral ores are the bread of industry.

The party has been concerned with discovering and increasing reserves of mineral ores. Our country is very rich in mineral ores. They have been increased and are being increased in quantity; and many of them are being utilized. However, there still are minerals that wait for the enrichment specialists to say their word so that they will be included in the economic circulation. Such are the phosphorites, bauxites, titanium-magnetites, polymetals, coastal sands and many others. The discovery and rapid clarification of the reserves contained in every kind of ore and the complete knowledge of their components constitutes the first objectives of the study, design and construction of enrichment plants for the mineral ores which still are not utilized.

If today the level of the enrichment of mineral ores, compared to those which are extracted, has reached the level which we referred to above, in the future, as a matter of fact from 1981 on, this relationship will deteriorate if the increased quantities of the mineral ores extracted from the subsoil is not accompanied by an increase of the capacities of the existing enrichment plants and by the construction of new plants.

The rapid commissioning, with full capacity, of the new plants, especially the speeding up of those plants which are in the state of being designed and constructed, constitutes an urgent task. Those are the projects linked with the extraction and enrichment of phosphorites. They are being greatly expanded, at a time when the country is facing great expenditures in buying phosphorites through imports. The studies and their implementation are also urgent in order to provide our ferrous metallurgy plants with coking coal, iron ores without nickel and so forth, without neglecting the other projects for bauxites, asbestos and so forth, for which the economy has increasing demands. The work of some study-groups, established at the departmental level, is progressing slowly. The possibilities exist for providing many mineral raw materials in the country, but their transformation into products requires more efforts both on the part of scientific institutions and on the part of geological and building enterprises. Many work groups are working for the enrichment of phosphorite ores. The experimental results are good, especially those of floatation, of treatment with nitric acid, of molasses, and of SO_2 gas and so forth. The specialists and designers involved in their enrichment process have overcome many difficulties. It is important to stress that in many cases the results that have been achieved have great scientific value. The design work for the construction of floatation enrichment plants has begun. However, as is shown by experience, the construction of projects is not progressing at the desired pace, so that they will be built not only in accordance with planned deadlines, but also more quickly. The study and technological blueprints for the bauxite enrichment plants and for the production of good quality aluminum oxide have been concluded for more than a year but, the work has been left in the middle of the road. This, because, the group entrusted with the design of machines and equipment has not been fully staffed. This was caused by bureaucratic obstructions in regard to the selection and determining of the cadres who will deal concretely with these matters. The aluminum industry of our country is facing new perspectives. It is in our power to bring these perspectives nearer to us; but, the apparatus of the Ministry of Industry and Mines and the Executive Committee of the Tirana District Party Committee must overcome some delays. In regard to this, too, it is impermissible to delay the staffing of the study and design group with the needed specialists who can deal with these studies successfully.

There also are unsolved problems in regard to the enrichment of coastal loose soils in regard to which there is a special decision of the Council of Ministers.

The study and designing of enrichment plants and the production of machines and equipment with our own forces have brought up two problems which must be solved:

first, it is essential that we pass rapidly to the planning of new technological machines (going beyond the phase of the reproduction of those which we know), such as self-grinding mills, floatation machines with high yields and high recovery, tables with many levels for the concentration of chrome ores, portable enrichment machines and so forth. In regard to this, the workers of the Institute of Technological Studies and Designs for mineral ores are working with outmoded methods without high yields in study and planning work. Secondly, it is necessary to study the possibility of placing the production of machines and equipment on healthier bases by having specialized production in plants and by strengthening cooperative relations between them. The solving of these problems cannot tolerate delays. If, for example, the capacity of a plant, such as the "Dinamo" plant in Tirana, is not sufficient to produce machines for 5 enrichment plants and workshops per year, this situation must be thoroughly studied, not in order to justify delays and to justify the quality of their production, but in order to achieve the objectives by all means, through good cooperation. In this field, there is a great reserve which is not being fully mobilized.

Coal extraction has been increased; however, the situation of its enrichment process is not satisfactory. About 60 percent of the coal yield is sent to consumers uncleaned. This reduces the heating power 20-40 percent. In other words, this means that the same quantity of coal is lost only because it is not enriched. This very acute problem requires solution, by increasing the capacity of existing plants and by means of new plants with great capacity. The Institute of Technological Studies and Design of the Mining Sector must feel more responsible for this; the institute is asked to organize much better the management of the study and scientific work for the enrichment plants.

The enrichment of mineral ores enriches the country. Mineral resources are a great treasure for our people. Along with the mines and mineral ores that we extract today, our geologists are continually opening new prospects. It is our duty to use this irreplaceable wealth thoroughly and sparingly. The role of enrichment processes in this field is great and profitable. A broader scientific work and a better cooperation of all the forces of our industry are needed in order to rapidly achieve the objectives that are assigned by the party.

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LAST QUARTER OF 1980 VIEWED--MANAGERS PENALIZED FOR SHORTFALLS

Bratislava PRAVDA in Slovak 30 Sep 80 p 1

[Article: "Last Quarter of 1980"]

[Excerpt] The fourth quarter of 1980, which begins on 1 October, is not only the last quarter of this year, but also the quarter in which the Sixth Five-Year Plan will be completed. It is hard to believe that this period went by so rapidly. After all, with the work and worries connected with it, time often passes incredibly fast.

Following the 14th plenary session of the CPCZ Central Committee, the CPSL Central Commi-tee in December 1979 stated with reference to 1980: "... The ministries, national committees, and enterprises must, much more consistently and with greater foresight, create the conditions for an even fulfillment of the plan and thus cope with harmful fluctuations in its implementation..."

What is the reality of the first 8 months of 1980? From the beginning of this year, 47 industrial enterprises failed to fulfill the production plans by a total of Kcs 568 million, and 47 construction enterprises missed the plan target of basic construction work by a total exceeding Kcs 238 million. Only 35.5 percent of the annual plan was completed in all forms of housing construction. As for exports, all industrial sectors fulfilled their shipments to the socialist states. The plan of deliveries to the nonsocialist states, however, fell short of the goal by Kcs 9 million (at wholesale prices). This means that on the average every fourth enterprise fell behind. The largest number of enterprises which did not fulfill their obligations was in the woodworking, chemical and engineering industries (seven enterprises in each), building materials, glass and food industries (four enterprises in each), and as to the volume--the East Slovak Iron Works Kosice. In other words, the total shortfall in the obligatory contracted shipments to the nonsocialist states caused by 39 industrial enterprises exceeded Kcs 240 million (at wholesale prices). And what is the situation in the deliveries for domestic manufacturing consumption and operations? This plan fell short of the goal by Kcs 924 million, and the number of enterprises which lagged behind increased from 75 in July to 82 in August 1980. In other words, every third enterprise failed to fulfill the economic plan in this area of production. The largest number of enterprises which lagged behind was in the engineering (24), chemical (17), consumer(16) and food (9) industries.

With the exception of Pozemne Stavby Bratislava, all enterprises of Pozemne Stavitelstvo VHJ (economic production unit) failed to meet their production schedule in housing construction both in August and from the beginning of the year. The failure to fulfill the plan was particularly severe in the enterprises of Central Slovakia and East Slovakia krajs. The following enterprises lagged behind most: Pozemne Stavby Kosice (with a shortfall amounting to 796 apartments), Priemstav Prievidza (554 apartments), Pozemne Stavby Michalovce (404 apartments), Poprad (514 apartments) and Zilina (250 apartments). These enterprises are primarily responsible for the increase in shortfalls both in August and during the first 8 months of this year.

It is only logical and nobody can wonder, if--because of the longtime failures--the SSR Minister of Construction makes personnel changes in the positions of several enterprise managers and orders reductions of basic salaries for the managerial personnel of Pozemne Stavitelstvo VHJ and enterprises because of the nonimplementation of adopted measures.

Much, if not everything, can be made up for in the last quarter. Neither crash work nor overtime work nor work on Saturdays and Sundays, however, can compensate for the fluctuations in and inadequate material supply to production, nor for the effects of underestimating work discipline. Yet, a lot can still be done to make up for inadequate preparation for the implementation of the "Set of Measures for Improving the Planned Management System" in practice of VHJ, enterprises and plants. The biggest damage so far has been caused by the following fact: while the political and economic importance of the "Set of Measures" has already entered the consciousness of people, specific and different conditions in individual production workshops still remain--with a few exceptions--predominantly a "big unknown quantity." Although various briefings and instructions have been organized, nobody has as yet adequately and clearly explained to the large body of production workers how they will be affected by these measures in their place of work. What most frequently happens instead is that sections of the "Set of Measures" are read to them repeatedly and mechanically. Detrimental to the cause also is lack of graphic propaganda: These literally vital questions of our present and future are inadequately elucidated also in the party instruction courses, and do not figure as the main topic at many production conferences. And yet the resolutions are really outstanding, they deal with everything. But, how are they implemented? What is our responsibility for what has been entrusted to us? Neither rank-and-file workers nor higher- and highest-echelon officials can fail to realize their duty and responsibility to the socialist society. At the present stage, it is imperative to really enforce discipline at all levels, in all work. After all, it is precisely these significant and important economic and social tasks of ours that we face which necessitate not only increasing the degree of everybody's responsibility, but also intensifying checks on the implementation of planned tasks and of adopted measures and resolutions. The worker begins to respect the adopted resolution and to realize his responsibility for its implementation, when he knows that his performance will be checked, that his contribution to the implementation of the measures will be justly evaluated and that he will be called to account for nonfulfillment. Every communist regardless of in what field he works--production, management or elsewhere--must always set an example in concentration, discipline, and responsible and creative attitude toward work.

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CZECHOSLOVAKIA

REPLACEMENT OF LABOR BY CAPITAL SUCCESSFUL IN EXPERIMENT

Prague HOSPODARSKE NOVINY in Czech 19 Sep 80 pp 8 - 9

[Article by Milos Pick, Federal Ministry of Labor and Social Affairs: "The Experiment Achieved Its Goals"]

> In accordance with CSSR Government resolution No. 146/1977, we have conducted experimental verification of job positions which are to be gradually introduced during the Seventh Five-Year Plan within the framework of the "Set of Measures for Improving the Planned Management System" The aim of the experiment was primarily to verify with more precision and detail the facts regarding the utilization of existing work shops and their usefulness in the planning and decisionmaking process with respect to replacement and allocation of capital assets and labor.

The underutilization of capital assets in Czechoslovak industry is too high. Aside from considerable losses due to under utilization of capital assets and labor in the regular shifts (estimated, according to sectional research, at a minimum of 15 to 20 percent), the underutilization of capital assets is also high in the day as well as during the night shifts. The workers "shift coefficient" dropped from 1.4 in 1962 to 1.3 in 1979; whereas with full double-shift operations it should be 1.5 to 1.6, according to macroeconomic analyses as well as the poll of verified opinions of enterprise directors. Last but not least, international comparison also confirms the possibilities of a higher shift ratios. The underutilized capacity of capital assets represent altogether almost 25 percent of the double-shift system.

This represents a considerable reduction in the cost-effectiveness of the replacement system. For the same volume of production we need more capital assets; each 1 percent of underutilization in the industry represents about [Kcs] 8 billion in capital assets. With existing investment capital, replacement of these capital assets is being delayed; the useful life (turnover time) of capital machine equipment in the industry was extended between 1975 and 1978 by almost 4 years (from 22 to 25.7 years) and caused a slowdown in the growth of their technological standards. According to rough calculations, a slowdown in the replacement period of engineering capital assets by 1 year reduces the annual growth of labor productivity by about 0.5 percent.

Replacement Imbalances

The principal cause is imbalance in the capital asset and labor replacement process--excess of job opportunities over labor supply. This imbalance is a result of inadequate use of intensive growth factors. The inertia of the extensive [as opposed to intensive use] orientation is still evident especially in:

--one-sided orientation of structural changes in expanding production facilities which bodes well for the future, without a corresponding muting of that which does not;

--imbalance between the allocation of production and labor assets for industrial progress in less developed regions without moving production capacities from over-industrialized population centers;

--orientation of the capital asset replacement process predominantly toward expansion of production capacities with only a small share of investments which [would otherwise] lead to absolute saving in labor; addition of new capacities instead of modernization of existing ones, in new investment even in cases where existing assets are not fully utilized, and this with low technological level of the capacities being added, with insufficient liquidation of obsolete capital assets (which is approximately 3 to 4 times lower than desirable), and especially in the low rate of liquidation of obsolete machine shops and concentration of the existing production base (about 10 times lower than the estimated desirable extent);

--low quality of management, production and work organization, which fractionalizes job opportunities.

The cited extensive development orientation is caused by a complicated set of reasons related not only to low quality, lack of conceptual approach, and inconsistency of managers and the management process, but also to the substantive concept of development, and especially to the insufficient effectiveness of the present system of planned management in our national economy. The planning of structural changes by means of developmental programs does not form a unified system comparable to world standards, it does not have a perspective stability, nor are the changes conditioned on cushioning programs. Planned replacement of capital assets is not consistently meshed with planning and replacement of labor. Economic conditions and instruments fail to create a sufficiently demanding environment for the activity of units of the enterprise economic sphere nor do they exert sufficient pressure on their effective management, especially management of capital assets. The social barriers of shift work are not being overcome through effective wage incentives.

Also missing are objective, sufficiently generalized, yet specific [enough] data which, in making decisions on replacement and concentration of capital assets and availability of labor for their operation, would make it possible to consider taking advantage of existing facilities. There is a lack of data which would enable the individual levels of management to decide, first of all, on replacement and concentration of entire operational complexes, or facilities (possibly in relation to more detailed basic data such as, for example, on planning of capacity which serves, first of all, the intraenterprise management to regulate the utilization and development of the capacities of individual types of machinery).

For this reason, we examined the possibility of making the inventory of job positions such an instrument. The verification was conducted in the second half on 1978 and the first half of 1979 in plant shops (production units in separate locations - MOVJ) of the centrally-managed industry on the territory of the city of Brno (78 plants, 36 enterprises with a labor force of 64,000).

The experiment was not aimed at broader goals with respect to overcoming the entire, already-mentioned, set of reasons for the imbalance in the replacement of both production elements. Therefore, it could monitor even the inventory of job positions only on the premise of all other conditions being equal.

Main Results of the Experiment

We verified the possibility of gaining certain important data for eliminating the disproportion between the replacement and allocation of both production factors.

Based on information on the number of job positions, social shift standards and social standards of capacity and inventory of the product mix, we calculated the number of the so-called job opportunities. The societal shift standard is based on the principle of full double-shift operations; this principle -- aside from uninterrupted and triple-shift operations -- presupposes a full double-shift operation of basic machinist job positions in the basic production. The unused capacity under these conditions was assumed to be a maximum of 10 percent. We also took into consideration, within the framework of the same (principal) shift, the possible difference between the system of actual use, i.e., the annual employment period of machine and worker. For example, in continuous or assembly line production where workers require alternates, 1 job position in one shift creates 1.1 job opportunities, and in 7-day uninterrupted operation as much as 1.54 job opportunities.

Let us use a computation example 10 work locations and machines on the line with a 5-day operation (Graph 1). If the shift standard is 2.0 unused capacity 10 percent, and the ratio of machine and labor utilization in the principal shift is 1.1, then the number of job opportunities comes to 20=10 x (2.0 x 0.9 x 1.1).

In other work locations (except basic machinery), the principle of full double-shift operations was based only on such shift standards which ensure full two-shift operations of basic machinery. Under this principle, the average 'normative' shift ratio at workers' place of work was calculated at 1.6.

The number of job opportunities represents the social standard of the job position utility according to the principles of full two-shift operations. The time dimension of this standard offers a more objective measure of the extent of unused capacity than the current general comparison with the overall or two-shift chronological job position listing. In contrast to mining branches, primary production, or certain specialized production spheres where production capacity can usually be expressed in physical units, job opportunity in processing industry represents a common unit of extensive capacity volume for the entire enterprise (subdivision), even in production of multiple product mix. Therefore it is a unit corresponding to data on capacity utilization by labor. It can characterize not only the measure of shift utilization or nonutilization of capacities, but it can also serve as an active instrument for the solution of this problem, an instrument for overcoming the imbalance between the number of job opportunities and labor supply, i.e., the imbalance in the replacement of both production elements.

Thus in Brno -- same as nationwide -- about 25 percent of available job positions is not being manned.

A very important contribution to information on plant shops was their designation (classification) according to certain important characteristics, especially according to their contribution to developmental production programs, according to their technological and economic levels (up-to-date or obsolete condition) and according to interchangeability of their production programs. This enables us to classify plant shops according to appropriate characteristics and to seek actively ways of modernization, concentration, and higher utilization of the production base in accordance with the structural changes in production.

The experiment in Brno showed that the production base of the local industry is quite obsolete. The share of machining works which is 42 percent nation-wide (and is less than in other socialist countries), is only 35 percent in Brno with a low level of their automation there; the share of modern plant shops in machinery capital assets is only 32 percent. This confirms the urgency for modernization of the production base in the Brno industry. If, however, the surplus of job positions were limited only by modernization of the production base in all its present breadth, it would be more demanding solution in terms of investments; its fragmentation and unsuitable structure would remain and the development programs would be needlessly slowed down. If, on the other hand, this surplus were limited only by the concentration of the production base, their obsolescence would persist, retarding improvements in labor productivity. Modernization of the production base should, therefore, be accompanied by a concentration process.

It was further demonstrated that 70 percent of unutilized job positions in Brno are in enterprises with developmental production programs. In these it is useful to raise the utilization of capacities not only based on saving in job positions through modernization, by also by appropriate relocation of additional workers from other plants. At the same time, the experiment showed that about 4 percent of the job positions are in plant shops scheduled for future liquidation. Its gradual implementation would at least partially help the purposeful concentration of the production base.

Table 1

Utilization of Job Positions in Brno Industry According to Groups of Plantshops (Percentage of Overall Count)

Plant Workshops	Job Positions	Filled	Vacant
Overall	100	75	25
Of which: Machining	78	59	19
Of which: Predominantly with Developmental Programs	67	50	17
Others	11	9	2
In Other Branches	22	16	6
Of which Planned for Liquidation	4	3	1

Even considering the relatively limited extent of the experiment, it becomes clear that in this group of plants there are (overall 5 foursomes, threesomes, and two-doubles) of so-called interchangeable plants, i.e., these capable of running similar production programs. As one of these examples shows, the extent of underutilization exceeds the capacity of others among them (Table 2)

Table 2

Utilization of Job Positions of a Group of Plants with Interchangeable Production Runs (Percentage of the Number in Plant A)

Plant	Number of Job Positions	Filled	Vacant
A	100	80	20
B	78	54	24
C	26	23	3
D	13	8	5

We should, therefore, seek opportunities of either further development of appropriate production without expanding capacities or, possibly, examine the feasibility of concentrating production in fewer plants.

The above examples do not exhaust the range of information gained, they merely illustrate some of the principal findings. They do not suggest future concepts for the Brno industrial production base -- that is the task of responsible agencies. They do show, however, the usefulness of supplementing reporting procedures with this type of data. That is why, from the experiment emanated a proposal for adjusting nation-wide reporting on assets, which requires only minor supplementing of the present statistical report on job psoitions (especially addition of the abovementioned classification indicators in plantshops and norms of job position utilization in the main shift), and a more precise delineation of indicators and terminology, including the setting up appropriate classifications and requirements for the primary review. These adjustments are being prepared by the Federal Bureau of Statistics beginning with 1980. In order to save reporting units additional administrative burden, the enumeration of job positions and their utilization by plantshops, will be undertaken by the Federal Bureau of Statistics (i.e., the computer center) centrally, based on reports from individual facilities.

Similarly, data on projection, i.e., capacities under construction, will be prepared in the background data for construction beginning with 1981, within the framework of amendments to appropriate Federal Ministry of Investment and Technological Development and the State Planning Commission directives (Decree No. 163/1973 of the Collection of Laws and related instructions which set forth the methods and content of reporting on projected investment construction, and similar principles of evaluating investment effectiveness). Also, this information is entered into the so-called construction registration (i.e., into the computer data bank of construction information).

We have confirmed the possibility of enhancing the reliability of information on job positions and their utilization. It was demonstrated that a more precise delineation of basic terminology, and especially the introduction of a primary survey of job positions, can improve the precision and reliability of data under review, especially in connection with the continuing implementation of labor consumption standards (including morning) and ([machine] attendance standards). This approach can significantly improve the present shortcomings in data availability and, possibly, avoid underestimation of the number of job positions which, according to local surveys in the experimenting enterprises, is one of the causes for the relatively high current national figures on the utilization of labor job positions in the 1st shift (in nation-wide statistics for 1978 this was 96 percent, whereas in experimental installations only 88 percent). Despite the cited details, the overall reliability of this information is still relatively limited. Although these are adequate for decisions regarding individual plant shops, i.e., individual investment acts, they are not adequate for decisions dealing with individual job positions, a binding determination of their numbers, or for the application of wage incentives. This would only increase the risk of speculative distortion of the data. Here too, it is an established fact (as will be seen further on) that the basic prerequisite is a meaningful economic motivation of enterprises toward efficient management of the production factors (especially capital and labor), rather than toward merely reporting on their utilization. Reliability then, requires that enterprises actually put this information to use in their effective management and not only for the sake of reporting on it.

Enterprises (in additional alternatives also economic production units and regional agencies) also used this information in perspective planning of the replacement of production factors up to the year 1985.

Although the information was used only partially and largely in adjusting the proposal for further capital investment and development of employment, and their interaction with the anticipated structural changes in production. First of all, we foresaw a significant concentration of the further increase in labor for the benefit of existing plant shops which are to ensure mainly the development programs (81 percent of the overall increase in number of workers in the experimenting enterprises). The proposal for further capital investment and the ensuing expansion of capacities and the number of job positions was linked to this concentration of labor increases.

A more significant concentration of existing capacities has not been considered. By 1985 we have considered liquidation of only 3 facilities, which is only about 4 percent of job positions of all plantshops intended for future liquidation. At such rate, the closing of all facilities designated for liquidation would take about 125 years. The possibility of concentrating interchangeable plantshops was hardly implemented, only 2 cases, i.e., also only 4 percent of 52 theoretically feasible cases, were considered. The only partial exploitation of this information in planning is reflected in only partially considered results. While by 1985, further deterioration in job utilization would stop, we would not achieve a significant improvement of capacity utilization of labor.

Even this certainly represents progress compared with developments to date, where utilization of job opportunities in Brno deteriorated annually by 0.4 percent. Why were the results not greater but only partial?

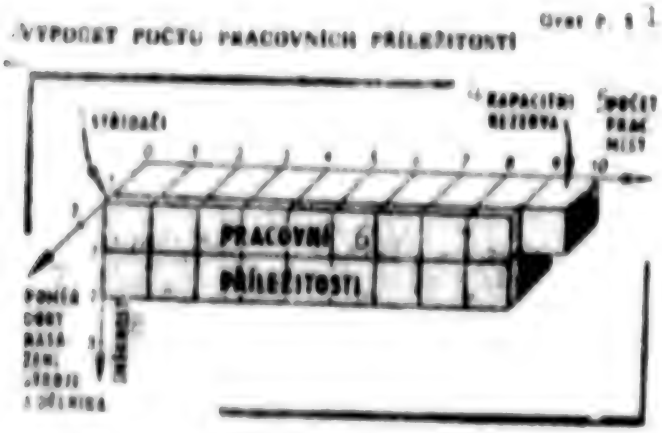
There certainly are many causes but let us deal with at least the two principal ones. First of all, concentration of the existing production base is a highly more demanding task than the orientation of new investments toward intensive replacement of capital assets. This creates requirements not only in organizational, technological and economic solutions but, above all, in overcoming social barriers. This task can be achieved only on a long-term basis by creating much broader social and economic pre-conditions for overcoming the imbalance between the replacement of capital assets and labor. The inventory of job positions and ensuing information can become only one, even if essential, prerequisite for effective operation of these processes.

The other reason is that the experiment had only limited aims, not only in its orientation (as already stated) but in its time and territorial constraints. Therefore, the results could also be only partial.

Possibilities of Actual Implementation

The experiment had achieved its goals. It showed that job position inventories (i.e., job opportunities) can, provide objective and specific information on improved exploitation of the existing production base by the labor enabling, when decisions are being made on capital replacement, to consider the possibilities of higher utilization of existing plant shops. This instrument is needed for dealing especially with the technological and economic aspects of the replacement balance of both cited production factors (capital and labor); however, by itself, this instrument cannot ensure this balance.

Overcoming the current extensive development of the production base, especially its concentration, is a demanding long-term process requiring a whole complex of measures to overcome societal, economic, and social barriers in the resolution of this problem. This information can be come an effective instrument only in the hands of someone who is interested and has the ability to use it properly.



1 - Graph 1; 2 - calculation of the number of job positions; 3 - relief workers; 4 - Capacity reserve; 5 - Number of job positions; 6 - Job opportunities; 7 - Time ratio of machine and worker in operation; 8 - Shift ratio.

Experiences gained in the experiment show the possibilities of use of job position inventories (i.e., job opportunities) in the national economy. Their general applicability and utilization in the planning and management process could lead to the process of familiarization of work with them at the individual levels of management.

At the same time, these assumptions can be used for planned allocation of capital and labor; especially, in judging whether the proposed individual goal oriented programs and individual actions in the capital construction of new or expanded capacities in the processing industry can be substituted by a higher load on existing plants of a similar type, and whether it might not worsen the utilization of existing facilities freeing labor for them. These assumptions can similarly be used in assessing individual actions of concentration of the production base (i.e., concentration of labor from liquidated plants in more modern facilities with a higher shift ratio). These data can thus be used in two ways:

1. In aggregate form for analysis and verification of overall relationships between the production plan, capital assets, and the size of the labor force in the formulation of the five-year plan toward systematic allocation of capital and labor.

2. In individualized form (for individual plants) for verification of specific operations and programs, especially of the investment type.

In this connection, it should also be noted that the purpose of this information system is definitely not more centralization of decision-making. It is to serve to raise the quality and objectivity of decision-making on those levels of management competent in the respective processes of decisionmaking (e.g., in investment), without changing the areas of jurisdiction. Even if for other reasons, we adopt a certain decentralization of some of these decision-making processes (as is partially assumed for the Seventh Five-Year Plan by the above-mentioned "Set of Measures"), this will not alter the usefulness of this data even in a changed division of jurisdictions. The agencies making the decisions, will have higher quality information available to make them. Even lower levels of management will have at their disposal a broader, nation-wide information on the utilization of interchangeable capacities.

We found an economical way of collecting this information (in statistical reports and construction project data which is administratively not unduly demanding. In order to maintain low administrative load even in the use of these data in decision-making processes, which should as much as possible always consider a wider number of alternatives, it is desirable and feasible to achieve gradual computerization of these data. Briefly stated, this system should, in the future, operate fully -- e.g., in assessing investments, on the basis of linking the following 3 data banks into higher computer technology: the anticipated Federal Bureau of Statistics/FSU data bank on existing plants, the FSU data bank on capacities which are projected or registered under-construction, and the State Planning Commission data bank on investment plans which are still unassigned for project.

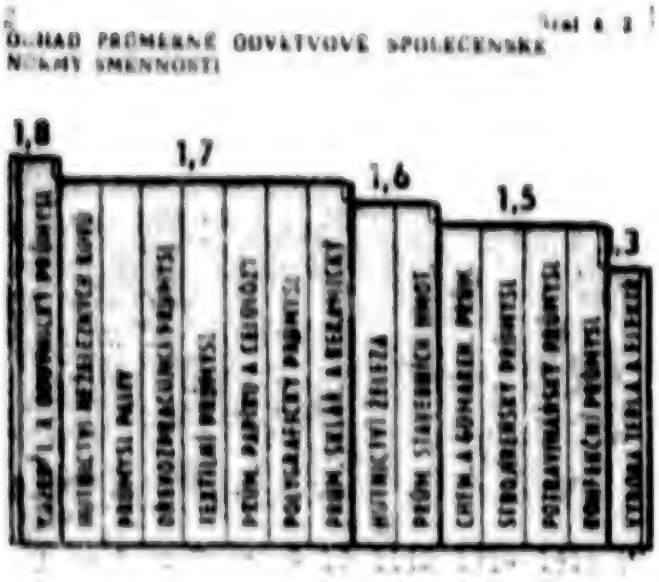
Overall Set of Measures

Applying the inventories of job positions (i.e., job opportunities) can be effective only within the framework of a broader complex of measures to raise the effectiveness of the system of planned management, according to the CSSR government resolution No. 42/1980.

It is a matter of an overall set of measures for raising the effectiveness of planned management, i.e., especially to improve planning and intensify economic motivation of units in the enterprise sphere toward higher efficiency.

It is further a matter of creating and expanding certain specific measures and instruments ensuring the balance in capital replacement and the replacement of labor with capital, without additional increase in investment intensity of economic development and with a purposeful concentration of the production base. Among the principal measures are the following:

- certain goal-oriented programs are to be directed primarily toward absolute savings in labor; toward expanding capacities for goal oriented programs of a predominantly developmental character by tasking a higher utilization of selected facilities through the [higher] shift ratio on the basis of rellocating labor from liquidated plants and further to ensure this expansion through modernization and replacement of existing plants;



1 - Graph 2; 2 - Estimate of the Average Branch Societal Norm of Shift Ratio; 3 - Leather and footwear industry; 4 - Mettalurgy of non-ferrous metals; 5 - Fuels; 6 - Lumber processing; 7 - Textile; 8 - Paper and cellulose; 9 - Printing industry; 10 - Glass and ceramics; 11 - Iron Metallurgy; 12 - Construction materials; 13 - Chemical and rubber industry; 14 - Engineering; 15 - Foodstuffs; 16 - Clothing industry; 17 - Heat and electricity production.

- prepare, in the basic management links (VHJ - economic production units) -- in conjunction with technological and economic concepts, ten-year and five-year programs of modernization and concentration of the production base and increase in the shift ratio as an instrument of purposeful creation of a condition for a more effective utilization of capital in the industry;

- in management and planning of replacement and concentration of capital assets (including preparation for capital construction) in industry, consistently respect the societal norm of full two-shift operation and the corresponding number of job opportunities as societal norm of utilization of a given plantshop by labor. For a broad macroeconomic illustration, Graph 2 shows the estimate of similar branch average standards of the shift ratio derived analogically from the overall reporting for 1973;

- for the support of higher shift ratio, prepare and gradually implement a set of economic and socio-political measures in consonance with the CSSR government resolution No. 144/1977, because precisely in this (as in purposeful relocation of labor from liquidated sites or freeing labor as a result of modernization or other rationalization measures) rests the most demanding aspect of the task, not only in economic but also in societal terms;

- in investment decisions prevent, as a matter of principle, further increase in job positions and, on the contrary, strive for their gradual reduction throughout Czechoslovak industry. For this purpose direct especially priority investment toward modernization of existing installations with a more marked replacement of labor with technology. Investment in progressive modernization (first to be placed in the plan, first to be initiated and made financially attractive) must be oriented, in addition to other pluses, especially toward absolute saving in labor (i.e., reducing the number of job positions). Aside from the raw material branches, allow only exceptionally construction of new plants, and compensate for this by discontinuing operations in other types of production and areas;

- create conditions for a more effective enterprise incentive in the economic enterprise units toward replacement of labor by technology. Review the future possibility of more objective assessment of the production factors, and overcome present disadvantages in replacing labor with technology in economic assumptions. In conditions of the current evaluation of production factors, give priority to incentive in the return on production factors over incentive in the return of operating assets, whereever this will not distort the results.

The results of the experiment confirmed the usefulness and principal direction of job position inventories as anticipated in the above-mentioned "Set of Measures". The specific method of application will have to be determined within the framework of implementation of the "Set of Measures."

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CZECHOSLOVAKIA

IMPORTANCE OF LABOR ALLOCATION UNDER SET OF MEASURES REVIEWED

Prague HOSPODARSKE NOVINY in Czech 26 Sep 80 p 3

[Article by Eng Premysl Tomasek, CSSR first deputy minister of labor and social welfare: "Labor Force Replacement"]

[Text] Of the complicated social and economic problems and relationships the human factor, the worker, is the weightiest. This is also reflected in the Set of Measures for the Improvement of the Planned Management System of the National Economy after 1980. The issue is the efficient utilization and allocation of labor and mobilization of organizations and individuals for the fulfillment of key economic development projects.

Measured by the proportion of the population which works, we are among the countries with the highest employment in the world; of more than 15 million inhabitants, every second individual is gainfully employed. High employment exists not only among people of productive age, but also among older people. Of citizens above the retirement age almost one quarter continue to work. There is no unemployment or semiemployment in our country. In a number of production and service sectors there is a real shortage of skilled labor.

But high economic activity also has its problems. In many places, especially in industrial centers and population centers, the gap between labor supply and demand leads to undesirable phenomena and consequences such as competitive bidding, unhealthy attempts at stealing or overpaying workers. At the same time some individuals exploit this situation recklessly, frequently flouting basic principles of socialist morality and ethics. This attitude is expressed by their low efficiency and productivity. In conflict with public interest some management workers go so far as to tolerate such a situation; they fail to meet the requirement for upholding socialist discipline and delivering an honest day's work.

The labor shortage, often used as an excuse for shortcomings in fulfilling planned tasks, is not a true reflection of the real situation. Overall, there is a labor shortage in our country, but the real issue is the correct allocation of labor and adherence to productivity standards expected of labor in advanced industrial countries of the world.

In recent years the employment structure has been developing unsatisfactorily and the problem has become more acute from one year to the next. Some socially important sectors and branches suffer from constant loss of labor. Also, the trend in the ratio between workers employed in manual and white collar jobs is adverse: the number of production workers exhibits a decreasing tendency, while the number of workers employed in auxiliary jobs, services and in the technical and economic apparatus is rapidly increasing. This trend cannot be explained or justified even by the worldwide development due to rapid scientific progress and the resulting change in the nature of work.

That the resources available for the years of the Seventh Five-Year Plan are rapidly shrinking is generally known. While in former years approximately 300,000 new workers were integrated into the work process in the course of each five-year plan, this resource has shrunk almost to half in this five-year plan. From 1981 to 1985 employment will increase by 140,000 workers; moreover, the territorial distribution of the new workers is uneven.

Even though we are constantly and justifiably being reminded that labor is the main asset of our economy, our labor management is poor. This concerns not only the individual worker, but also of the length of working time he spends on fulfilling the planned tasks. A uniform number of working days was chosen for the Sixth Five-Year Plan--260 per year. After deducting paid vacation days, the annual working time is approximately 245 days; but of this number more than 20 days are lost due to nonwork and work-connected accidents various legitimate causes, unauthorized absence from work, undesirable fluctuation of the labor force and other reasons. The reality in some work places that only 70 to 80 percent of each shift is used productively is no exception, especially where the pace of work is not set by a mechanical production device, but by the worker himself; 20 to 30 percent of the time is spent in loafing and in unnecessary loss of working time.

The true causes of poor utilization of working time are breakdowns in the continuity of production, poor supplier-customer relations, poor management, disregard for the exact start and end of working time, prolonging of the legitimate time allowed for breaks, but also low efficiency and productivity of some individuals and collectives. It is important to remember that the loss of a single minute of working time in industry represents a loss of products worth almost Kcs 5 million, the cost of the loss of one day exceeds Kcs 2 billion. We cannot afford such losses and must not tolerate them.

One way of solving the problem in practice is more effective control of the movement of workers to ensure the implementation of national priorities, harmonizing to the greatest possible extent the replacement of means of production with the replacement of labor, controlling the size and structure of the work force needed by means of norms, and mainly raising labor productivity, production and work discipline, the natural authority of management workers and high quality management -- measures which are so urgently and categorically needed. All these requirements are directly related to efficient economic development, which is the order of the day.

The Set of Measures is designed to solve these problems. It strengthens the concept of work replacement; the work plan for the entire five-year period is determined by normative relationships and mandatory production quotas with the provision that it will be specified in detail annually. In order to determine objectively the numbers and the structure of the work force, factors which are affected by scientific and technical progress and the progress of capital construction plans which usually exceed a single five-year period, the work force balance sheet is prepared to encompass two five-year plans.

Limiting the number of workers was extensively discussed. But to abolish planned allocation of labor in existing conditions is unrealistic. Therefore, in the future central authorities will continue to strictly control the movement of labor by means of mandatory limits which will be assigned to organizations in absolute numbers instead of in the form of work force increases, as was done in the past, because the objective is to achieve efficient utilization of the entire work force, not only of the increment. Work force limits will be set for entire branches, usually for economic production units within the framework of individual okreses. Where indicated these figures can be set for an entire kraj.

Effective conservation of human labor, i.e. achieving absolute reduction in the number of workers stipulated by the plan, is economically important. Material incentives can be used as an inducement to this end. The issue is whether the average nominal wage or the overall sum of wages should be determinant in the setting of wage policy with the latter consisting of two components, the number of workers and the average nominal wage level. The majority of our economists think that the overall volume of wages allocated for the fulfillment of planned tasks should be mandatory, and must not be exceeded. An organization achieving an absolute saving in human labor by well thought out rationalization should be allowed to use all or part of the money saved for raising the average wage level of individuals or collectives meriting a raise without restrictions. This is standard procedure in industrial countries.

Other problems connected with wage replacement are also being resolved in principle. One of these problems is the joint system of social economic priorities which should be strictly limited and replaced by the planned movement of labor including wage and other incentives. Beginning next year labor plans will stipulate mandatory ratios of technical and economic workers; this temporary measure is expected to be replaced later by more exact labor requirement estimates expressed specifically by norms governing numbers of operators needed. The development of a normative base, with norms of all kinds, is of crucial importance. The issue is to eliminate unjustified differences in the quality of standards, update them systematically in step with technical and organizational improvements achieved in production and prevent the application of outdated norms which reflect obsolete methods, technology and poor organization of labor. The preparation of ten-year plans of personnel, personal and social development has been proposed based on modern labor selection methods and allocation, realistic standards of social amenities in individual conditions, and improved planning of qualified cadres to ensure that they reflect the objective needs of economic development.

In the Set of Measures the payment of material incentives to individuals and organizations for work accomplished and economic results is of key importance. This is a radical departure from current management approaches and positions involving mainly changes in wage policy.

The principle of merit must be immediately incorporated into the determination of remuneration for work to ensure that the situation of every organization and individual depends directly on the results of their work.

Of course, this calls for more marked differentiation of remuneration based on the actual social contribution rendered, the establishment of the closest possible relationship between wage development and the formation of the national product, strengthening the stimulatory role of the wage in order to orient it toward the desired aspects of economic efficiency and ensuring at the same time correct determination of the work performed and remuneration paid.

These are the reasons for the basic changes in controlling wage development both in the method of wage formation and in the districution of wages. The conceptual and planning aspects of remuneration are also being strengthened; long-term wage development and wage differentiation forecasts have been prepared; the highest political and state organs have already discussed and approved the principal thrust of the wage policy to be pursued in the Seventh Five-Year Plan which will serve as the basis for detailed specification. Wage development, guaranteed for 5 years, will govern the relationship between central authorities and the khozraschot sphere. This is especially important because the current practice of concluding annual plans has frequently obscured above-average results achieved by some organizations, protecting thereby other organizations achieving poor results.

Also the system of material incentives still strongly reflects the quantitative aspects of the assessment of economic and social development. Therefore, beginning next year -- in the spirit of the Set of Measures -- the method of creating the means for wages is being changed. The lion's share of wages -- approximately four-fifths -- will depend on the indicator type of net production, specifically on adjusted output. This is essentially a "new added value" which, from the macrostructural viewpoint, establishes a closer correlation between wage development and the national product, and from the microstructural aspect with human labor productivity. The remaining approximately one-fifth of wages will depend on comprehensive indicators of economic efficiency, mostly on the profitability of production funds or production factors. This means that the amount of profit will be measured in its relation to the value of capital assets plus inventory or potentially to the value placed on human labor.

Therefore, a real possibility exists for well managed organizations to increase funds available for payout in wages and vice-versa. In addition to standard allocations to material incentive funds, they can acquire additional resources in excess of the plan, especially by accelerating the innovative process, introducing technically advanced products, first-quality products, etc. Organizations lagging behind, producing outmoded products or third-quality products, will end up holding the short end of the stick with respect to wages, the same applies to penalties for low quality production whereby the damage and losses will be fully deducted from the economic result. In the course of the third quarter of 1980 the decree of the Federal Ministry of Labor and Social Welfare on the management of wages and remuneration for work performed, which translates these principles into practical guidelines applicable to the khozraschot sphere, will be updated.

Basic changes are also in preparation in the wage mechanism proper. In the first stage (1981 to 1982) emphasis will be placed on the correct and effective orientation of forms of remuneration (bonuses and all types of premiums). All types of premiums and bonuses will be reexamined and tied without exception to the fulfillment of key tasks of scientific and technical progress and to savings achieved in human labor and mechanical work. The basis of standards will be broadened and improved with the objective of eliminating unjustified differences which are at the root of the philosophy of well and poorly paid work. Adjustments in the system of tariffs, i.e. in putting a value on and classifying different types of work, of qualifying catalogues of tariffs and justified changes in wage tariffs and tariff scales are not expected to be introduced until in the next stage (1983). Here, too, the main thrust is to strengthen productive, woman-like and responsible work, reward individuals promoting social progress and performing physically hard and exhaustive work, intensified work in synchronized production processes, and in multi-shift operations; and strengthening the factors stabilizing wages expressing the individual's attitude to work, his job and enterprise likewise must not be neglected.

Every individual and work collective must be responsible for the tasks which are immediately affected by his work. Hence, the urgency to specify the system of personal material incentives down to the level of individual factories where the efficiency and contribution made by every individual to the economic results can be reliably assessed.

The basic objective is to reward properly those fulfilling their tasks conscientiously, both morally and materially. And conversely, laggards must expect consequences which will also include a reduction in wages. The issue now is for state, trade union and economic organs and organizations to create an atmosphere favoring a policy of discrimination, including wage differentiation, which will properly reflect true merit and the contribution of labor to society. This, too, is part of the basis of effective and balanced economic development.

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USE OF KHOZRASCHET IN CONSTRUCTION INDUSTRY DISCUSSED

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[Article by Jindrich Madry, Engineering and Industrial Construction Projects national enterprise, Plant 13, Prague-Chodov: "Effectiveness of Khozraschet in Construction Enterprise--All the Way Down to Blue-Collar Worker"]

[Text] Peculiarities of work in the construction industry, particularly the method of handling materials and use of transportation and machinery, provide ample space for affecting of economic results by people's initiative and khozraschet organization of management. While the efficiently working teams achieve as much as a 3 percent reduction in standard costs in their area of activity, the teams showing lack of interest in their own economic results and working without initiative exceed the specified production costs by as much as 10 percent. The contribution of khozraschet management therefore ranges from a potential loss to real savings, and is much bigger than the actual savings computed on the basis of standard costs.

Our Experiences

Practice has shown that in the organization of kozraschet the easiest task is convincing and winning over the blue-collar workers. The most difficult problem is the mastering of organization, that is finding an appropriate application of general principles of khozraschet management to the concrete, specific conditions of individual places of work.

After 3 years of verification and constant revision of ineffective forms and methods, we have laid in our sector the foundations of the properly functioning system which has produced a demonstrable improvement of the economic result. This system has been formed by the comprehensive application of norms of all variable production costs, by combination of khozraschet with the basic elements of flow production organization, and by training of workers in self-control. We have verified that the effectiveness of our management increases not by the increasing number of orders and interference in the teams' activity, but in direct proportion to the development of teams' capability to react, with initiative and without delay, to the changes in the situation in the place of work.

Even if the plan is successfully fulfilled, we must systematically ask the question: what is the principal obstacle to achieving still greater economy? As to our sector, the answer to this question is unequivocal: the nonfulfillment of planned volumes and the failure to meet the deadlines set for construction preparedness. For this reason, production is not continuous and the flowthrough construction method is applied inconsistently and incompletely. The khozraschet management has not been implemented at the adequate rate so far.

I am of the opinion that it is so because the set of norms is not processed at the proper rate, the style of managerial personnel's work has not yet fully adjusted to the needs of the khzoraschet organization, and the organization of khozraschet in its present form and checks on it results in the considerable increase in the scope of administrative work.

Although khozraschet is organized forst in the selected operations and individual areas of activity, it is necessary to realize that it begins to produce conclusive results only if it involves the entire work collective and all work performed by it. Only on this assumption can the distortion of results be eliminated, just remuneration for savings be accomplished, and, on the other hand, pecuniary responsibility for losses be enforced. (We have applied this responsibility by cancelling the premium for the teams which have surpassed the specified costs.)

Incentives First and Foremost

One can generally say that the extent of efforts of blue-collar workers and technicians in observing economy depends upon the effectiveness of incentives. We have tested in practice the linkage of 30 percent premiums to the overall results of operations and of 20 percent premiums to the savings achieved by individual teams. Nevertheless, the intensity of interest of more than 90 percent of workers concentrated on the activity and results of their own teams. For the workers, the easiest thing to understand is the feeling of responsibility for what they create by their own hands as well as they can. The interest in the results of the operation which an individual team affects to a limited extent only predominantly grew out of the need to be informed, a feeling of solidarity, and personal connections, but it did not have such a solid basis as to govern the activity of every individual. To eliminate formalism from khozraschet, we therefore deemed it necessary to apply khozraschet to the smallest groups for which the sum of variable production costs can be recorded and evaluated. To organize khozraschet all the way down to the teams is more demanding than in individual operations and, in addition, will not be practically feasible in some instances. It would, however, be a mistake to make a decision in this matter on the basis of general considerations instead of practical verification and a search for the most effective norms.

The fastest and most efficient method of development of khozraschet is its simultaneous organization from both the top and the bottom. In those instances where too much reliance is placed in the initiative of teams and workers in operations without developing corresponding activity from the top, khozraschet develops sluggishly and with difficulty. The interest of those workers who strive for savings frequently meets with lack of interest or even opposing interests of workers in the supply and transportation departments or other groups.

Often it is difficult to get the respective individuals to fulfill at least their duties, particularly if they are to perform jobs which they had not been asked to do systematically before. However, without establishing elementary order in handling of materials, means of transportation and machinery, it does not make sense to speak of khozraschet. Here the beginning must be made. It is not enough to establish "order" according to the paper documentation of "in the whole. "It is absolutely imperative to keep accurate records of the quality and quantity of all materials issued and to pay in accordance to the norms only for what has actually been done or transported. In practice this means that the foremen and construction project supervisors must have the courage to engage in numerous conflicts which arise in this connection. It is, however, the duty of the supervisory organs to free them from endless unnecessary conflicts which arise because in organizing khozraschet in the plant and enterprise the rules of activity and the duties of every individual are not precisely defined.

Style of Managerial Personnel's Work

Some members of management are of the opinion that khozraschet should be organized by the production sectors, while others turn over its organization to the economists or khozraschet commissions. Others think that they have done their duty when they entrust one worker with the organization of khozraschet, or content themselves with the general support of the initiative from below. The organization of khozraschet is not the activity of a special department, but part of the system of management. If the managerial personnel do not make it part of their system of management, they condemn it to vegetation, limited partial results and mere ornamental status. Only the plant and enterprise management can define or apply the rules of intraenterprise organization of khozraschet in such a way as to achieve the maximum possible cooperation of all departments--from the preparatory activity to production. Only the plant and enterprise management can prudently insure harmony between the interests of all subordinated departments with the interests of the whole. For this reason, it is imperative that the managerial personnel adjust their style of work to the needs of khozraschet.

Role of Norms

According to the "Set of Measures for Improving the Planned Management System," the khozraschet management within the enterprise should focus attention on the systematic improvement of norm-setting activity. If the introduction of khozraschet is not to be delayed, it is necessary to considerably speed up the processing of norms. In our sector, we have succeeded in coping with this task within the shortest time by securing, together with the specialized workers of the technical group, a very active participation of technical-economic workers of operations in the direct processing of norms. It is true that the more precise the norm is the better. Yet, a promptly processed norm with an admissible measure of inaccuracy which is applied in practice without delay produces a much bigger economic effect than exactly processed norms put into effect with a considerable delay.

In order to gain certainty that the new norms will work progressively, we recalculated--prior to their introduction--their effect on wage and total production costs in 37 plants. The economic results which are after all decisive confirmed the rationality of our procedure. The share of wages in the outputs produced by the same kind of labor declined in our sector from 12.45 percent in 1977 to 11.07 percent in 1979. The new norms made it possible to consistently control the wages of teams according to the work billed. We thus succeeded in reducing the share of time wages from 45.3 percent in 1976 to 15.3 percent in 1979 in favor of jobwork and piecework wages. The establishment of order in wages changed the differentiation of earnings, while the average earnings generally increased. At the same time, the center ended the year 1977 with a loss, but registered profits in 1978 and 1979.

The comprehensive application of norms of output and productive consumption made it possible to expand khozraschet of teams in an informal manner. We tried to find out the people's attitude toward khozraschet in an anonymous inquiry last year. In only one instance the opinion was expressed that khozraschet in operations produced results on paper only, while all other respondents described it as useful for the society and individuals.

In practice so far, discrepancies appeared not infrequently between the plan and norms in effect, between the plan and khozraschet. The rule should obligatorily apply that in those areas where the norms exist their application, as the basis for processing and detailing of the plan, must not be ignored. Although the plan can be more demanding in determining the indicators than their actual calculations in accordance with the existing norms, and may involve the actual raising of norms, it should never arbitrarily deviate from the existing norms. In the opposite instance, an unrealistic plan is pushed through and the motivation of workers is seriously undermined. We thus find ourselves in the situation that the construction projects supervisors and foremen, who with great effort adhere to the specified level of production costs and really contribute to savings, are not entitled to bonuses for their effort. On the contrary, they face penalties through the partial cancellation of promised premiums because of the noncompliance with the planned indicators. The supervisory organs being aware of the inaccuracy of the plan can take this or that into consideration, but such practice creates the feeling of uncertainty and thus adversely affects the work effort.

Specific Tasks and Individual Responsibility

It is well-known what emphasis V. I. Lenin used to place on specific responsibility for specific tasks. One of the reasons for the violation of this principle in practice is the fact that the assignments and terms of remuneration are frequently detailed from the top to the bottom mechanically without specification for the individual levels of management. The indicator of the share of wages in the output, for example, is applied equally to the enterprise, plant, operation, construction project supervisors and all the way down to the accountants. One-fifth of the premiums even for those workers who practically do not affect the withdrawals from the wage fund depends upon the compliance with this indicator. Although the construction project supervisors and foremen exercise substantial influence on the trend in wages, they can grant to the teams wages not in accordance with their relative contributions to the output, but only in accordance with the effective norms. However, even if the construction project supervisors and foremen consistently grant to the teams only wages for the work performed and billed according to the existing norms, and thus really establish order in the wages in the area under their authority--a very demanding and difficult task, they will nevertheless cease to be eligible for 20 percent of the premiums, if--because of the inaccurate detailed breakdown of the plan--the planned share of wages in the output cannot be adhered to.

Although theoretically the dialectics of the relationship between the general and the special, between the part and the whole, is sufficiently known, its application in the area of management is, for incomprehensible reasons, often very slow. We frequently suffer by preferring to assign sizable tasks to lower echelons from above with considerable responsibility instead of precisely defining the necessary quantity of quite concrete and specific activities and the real responsibility of individuals in order to accomplish a great and important task.

Nobody doubts the extraordinary importance of the fulfillment of tasks of comprehensive housing construction. On the level of construction project supervisors and foremen it would be perhaps most reasonable if the supervisory organs would secure for them a cleared construction site, set a deadline for completion of a specific project of comprehensive housing construction with reference to the labor force and machinery allocated to it, and specify premiums for early completion, or reduction of premiums if the task is not fulfilled on time. Instead, the heads of operation, together with the construction project supervisors, receive (as do the managers) an annual assignment, amounting to x million Kcs and involving several projects of comprehensive housing construction which a part of the premiums is linked. They are thus actually made responsible for having design documentation available on time, for having economic contracts signed, for ensuring construction preparedness, for ordering material ahead of time, and so on, in the full amount of x million Kcs of work of comprehensive housing construction. The organizations' managers can to a certain extent press, through their technical departments, the fulfillment of these tasks on which the construction project depends, but the foremen and construction project supervisors are virtually helpless in this respect.

Naturally, it is impossible to accept excuses blaming the objective causes, so long as everybody does not exhaust all possibilities in his area for the fulfillment of the assignment. This, however, does not mean to deny specific limits of responsibility for each function. We should--and not only in this context--remember Lenin's warning that every truth, if we exaggerate it, if we try to assert it beyond the scope of its actual validity, can be pushed to absurdity. If we exaggerate the responsibility of construction project supervisors to such an extent that the fulfillment of their tasks depends more on the "constellation of stars" than on their own efforts, we negate their feeling of responsibility which is necessary for the development of conscious activity. Then it is of no use to threaten that they will not be paid any premiums for nonfulfillment of tasks of comprehensive housing construction. If everything somehow turns out all right and the task is fulfilled after all, then--because of the vaguely and generally formulated responsibility--everybody gets a premium, including those who could not have affected the fulfillment of the task in any way.

The planned changes in the system of management are designed to eliminate the elements of "fatality" regardless of whether or not the planned task is fulfilled. The greater weight the Khozraschet results are given in the evaluation and remuneration of people (they are largely of informative significance today), ultimately the more reliable will be the compliance with the indicators of the optimum plan.

Too Much Administrative Work

We ask the construction project supervisors and foremen also to perform the key role in the informal introduction of khozraschet all the way down to the blue-collar workers themselves. If they are to fulfill this task, the khozraschet organizations must not demand that these workers take care of an excessive quantity of administrative work. They should receive information on the economic results achieved in the sectors assigned to them in a computer-processed form which would allow them to use it promptly in the production organization. The recording of productive consumption in physical units will not be adequate even on the level of economic centers. We must also use financial indicators to figure out savings or losses. If the prices of supplied material are not fixed for a certain period, if the records of transportation operations include various inaccuracies and so on, the construction project supervisors or other workers must carry out a large number of calculations and corrections in order to convert the actual productive consumption into the data comparable with the standard costs.

The development of khozraschet under these conditions will result in an increase in administrative work. There is, however, a real solution to these problems. For example: it could be to stabilize the intraenterprise prices of material for a period of one year or to shorten the processing periods of those data which are used to directly control the production process. Since the records are frequently used for justification of what happened, their principal function--to use them for progressive changes in practice--is not often apparent enough. This mistake would increase further if we would not make adjustments, on a larger scale than we have till now, for the needs of the people who directly organize production.

If we were to state generally what the most important factor is now in developing the khozraschet management on the desirable scale and making it more effective, then we could say that it is a careful study of practical experience in its application in individual places of work, and the implementation without delay of those conclusions whose correctness has already been confirmed by practice.

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EFFECTIVE CATTLE BREEDING NECESSARY

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[Article by Docent Dr Engr Miroslav Dvoracek, CSc, and Engr Ladislav Biedermann, CSc, Research Institute of Livestock Production in Uhrineves: "Sound and Effective Cattle Production"]

[Text] Cattle breeding is the most material- and labor-intensive branch of primary farm production. From the viewpoint of the national economy, it is simultaneously the most effective branch, because it produces the largest volume of animal protein for human consumption, and also because it produces this protein predominantly on feed that cannot be used directly for food production. Only with sufficiently large cattle herds is it feasible to fully utilize every hectare of land and what grows on it. Cattle are also a very significant factor in improving soil fertility, because they return a large proportion of the energy intake to the soil, in the form of stable manure. Cattle breeding's contribution to the efforts to attain maximum yields per hectare is invaluable from this point of view. At the same time there can be no doubt that the importance of cattle breeding in each country's agriculture will increase year by year. The entire development to date and the future outlook, the outlines of which are becoming evident, indicate that the soil will become the most important resource in the world, and that mankind will include the improvement of soil fertility among its most important, primary tasks.

Various World Trends

It is gratifying that science and research as well as farming practice have focused their attention on the further development of cattle breeding, and that new information indicating the directions of possible progress is being published almost daily. Unfortunately, progress is not always tending in the right direction. Enjoying the wealth they accumulated by controlling the world's material resources and foreign markets, many capitalist countries have set, and to some extent are still setting, as their objective the breeding of cattle with record yields, at an unlimited consumption of feed grain. Many of these countries have achieved noteworthy results in this respect. The most advanced methods of breeding, in combination with generous feed rations and maximum production efficiency, and with the optimization of the other environmental conditions, have made it possible to increase, for example, the annual milk yield per cow to 10,000 kilograms or more. A favorable phenomenon in keeping cattle bred to attain such high annual milk yields is that even very large capital inputs are profitable, for the complete mechanization and automation of the barns at very high indicators of labor productivity. A negative feature of keeping cattle bred for high milk yields is that such cattle require generous rations with a high proportion of feed grain, and also that the body build of such cattle does not provide the prerequisites for good beef production, particularly in terms of carcass quality. High milk prices, which in most cases are guaranteed by the state, nevertheless provide an incentive for the farms to specialize in breeding cattle noted for their high annual milk yields, and to attain the highest possible intensity of milk production. It should be emphasized, however, that one of the decisive factors is specifically the regular and substantial income from milk sales, which enables the agricultural enterprises to rationalize their cattle breeding at a suitable return on the invested capital.

What Type of Cattle for Czechoslovakia?

Also in Czechoslovakia there were proposals to maximally accelerate the process of breeding cattle for high milk yields, through extensive crossbreeding with prize bulls, particularly Holstein-Fresians imported from America or Canada, since this breed is noted for its high milk yield. These recommendations could not be accepted, however, for a number of reasons. First of all because the proposed extensive reconstruction of the nation's cattle herd on a scale such that the national herd would consist predominantly of very particular cows of this type, producing 5000 to 6000 kilograms of milk a year, would significantly increase the consumption of concentrated feed. This applies not only to feed grain but also to such biologically effective feeds as sunflower cake, soyabean meal, etc. In this way Czechoslovakia's dependence on the importation of these biologically and nutritionally valuable feeds would increase, parallel with the greater danger of manifestations of the unfavorable supply-and-demand situations and speculation characteristic of the foreign feed markets.

Another weighty reason why the cattle-breeding program cannot be directed exclusively toward increasing the annual milk yield is that the body-building capabilities of cattle must not be weakened, particularly the development of muscles that produce the most valuable cuts. The problems associated with meeting the requirement of a constant rise in beef output are even more demanding and complex than in the case of increasing the annual milk yield.

Furthermore it must be noted that the long-range objectives of developing cattle breeding in Czechoslovakia are determined to a considerable extent by the prevailing soil and climatic conditions. Czechoslovakia is noted for its agriculture and attains good yields in grains and industrial crops. The principal crops yield considerable quantities of by-products that account for a significant proportion of the feed base for cattle. So far as the natural feed base for cattle is concerned, the situation in Czechoslovakia is less favorable. The rich meadows and pastures that, under favorable climatic conditions, offer good grazing and high yields of good-quality hay are lacking almost entirely. Although grasslands occupy a large area in Czechoslovakia, particularly on hills and plateaus, they have too much or too little precipitation. The cultivation of the frequently steep meadows and pastures is likewise lagging, due usually to a shortage of manpower and suitable machinery.

Thus the relatively meager feed base for cattle must be supplemented with the production of mixed feed on a fairly large scale. The progress in investigating the nutritional requirements of cattle, which is reflected in the output and composition of highly effective mixed feeds, is regarded as one of the greatest scientific achievements in livestock production. It is recognized that the feeding of complete feed mixes very effectively transforms scientific knowledge into breeding practice. However, the rapid expansion of the production of mixed feeds has resulted in ever-greater shortages of the specific substances and additives that intensify the effectiveness of the mixed feeds, and in the rising prices of these substances and additives. Therefore deficient mixed feeds are produced that contain a high proportion of feed grains and often also less-valuable dry matter. Under these conditions it appears economically the most expedient to breed in Czechoslovakia cattle whose annual milk yield is between 3000 and 5000 kilograms, depending on the objectives of specialization, but with good to excellent weight gain in every case. It must be admitted that this is a very challenging breeding program, and it is also rather difficult to realize.

In this article, devoted primarily to the questions of suitable technological methods in keeping cattle, we cannot analyze in detail the questions of cattle breeding. But it should be emphasized that their solution will require close attention of all scientific workers in the fields of livestock genetics and livestock breeding, and also of all practical workers in cattle breeding and production.

Advanced Technology

Now let us turn to the actual questions of employing an efficient system and advanced technology. The basic purpose of solving these questions is to replace the very labor-intensive earlier practices in cattle production, and to obtain the output in the unfavorable working environment by means of new and significantly more-productive technologies that eliminate heavy physical labor and permit a significant increase in the number of head entrusted to one person's care.

Great progress in this direction was achieved with the introduction of milking machines, and also with an efficient barn layout that permitted hauling the feed to the feed bunks, and also the installation of manure scrapers. Later, as the agricultural enterprises grew in size, it also became necessary to increase the concentration of cattle per farmstead. Demands for the construction of new barns likewise rose, because both the JZDs [unified agricultural cooperatives] and the state farms increased their cattle herds when private farmers ceased to keep cattle. The barns of small capacity were no longer able to meet the requirements of increasing the number of head entrusted to one person's care, and a period arrived that lasts to this day and can be characterized by frantic search for the most expedient systems of barn construction and keep. Barns have been and are being built for stanchioned or unstanchioned keep, with or without litter, barns with stalls and various modifications, barns with mobile or stationary feeding lines, and also barns with different types of milking rooms.

What Practice Showed

Some of the barns characterized by their layout and technological equipment proved more suitable in practice than the others. However, one thing is typical of all large-capacity cattle barns. They require a high level of organization and strict observation of the prescribed zootechnical regimen.

We should realize that a technician entrusted with the management of a dairy farm whose capacity is, say, 1000 cows is responsible for fixed assets worth roughly 30 million korunas (35,000 korunas per stall, and 15,000 korunas per dairy cow). To this we must add 20 to 25 million korunas a year as the price of the feed, and the value of the produced milk and other products. These figures convincingly prove that the work of the managing cadres at large cattle-production centers is highly responsible and very demanding, and is comparable with managing the most capital-intensive sectors of industry.

The observations to date unambiguously indicate that sufficiently skilled and conscientious workers in cattle production are able to achieve good results even under less-favorable conditions stemming from the barns' less-suitable layouts and technological equipment.

It must be admitted that so far there are no known technological procedures for large-scale cattle production that would fully meet the requirements of practice. The primary purpose of these procedures is to attain a large number of head entrusted to the care of one person, and they must be based on consistent application of the principles of keeping cattle in herds. But it is a known fact that many dairy cows--particularly the ones of slighter build and with weaker nervous systems, but often giving very good annual milk yields--do not tolerate well the higrarchical relationships within the groups of cattle, and this is reflected unfavorably in their physical condition and output. Occasionally some of the aggressive cows threaten the others, especially during feeding.

Harmony in a group of dairy cows is disrupted also by frequent changes in the composition of the groups, as cows are assigned from group to group in accordance with the stages of their pregnancy and their milk yields. It is understandable that cows which cannot be machine-milked, because of deformed udders or other reasons, are unsuitable for large-scale forms of keep in mechanizdd environment. Dairy cows of less robust constitution, particularly the ones with weak legs and soft hoofs that develop sores and limping on hard-surface floors, do not tolerate well the environment of large-capacity barns. An unfavorable phenomenon is also the considerable noise in the barn, causing restlessness in the groups of cows.

On the one hand, then, the procedures are known for building large-capacity cattle barns and for supplying them with technological equipment that fully mechanizes or automates the individual production lines, permitting cattle production with minimal inputs of human labor. On the other hand, however, we must take into consideration the unfavorable fact that the construction of such barns is very demanding, and that the fully mechanized technological prodcedures for cattle production known to date do not meet the biological requirements of the animals and limit to a considerable extent their health and output. For this reason the highly productive dairy cows wear out fairly fast under this technology of keep, and they usually must be culled before attaining their peak output. It is almost the rule that from 30 to 40 percent of the dairy cows are culled each year, which considerably increases the costs of reproducing the herd and worsens the economic indicators.

In warm climates, where it is unnecessary to build substantial winterized barns, it is understandably easier to pursue the path of maximum progress that leads practically to the complete and highly productive industrialization of cattle production. For this reason the industrialization of cattle production has advanced the most under favorable climatic conditions and has achieved very high indicators of labor productivity. Examples of the successes achieved in this direction are cited the most often from certain very warm regions in the United States.

For most European countries, and hence also for Czechoslovakia, the conditions for rapid progress in the industrialization of cattle production are significantly less favorable, and in many instances they create obstacles that are difficult to overcome. At large-capacity centers for cattle production that permit the application of industrial elements in the work procedures, for example, the demands for transportation increase considerably, especially during the seasonal work peaks, when large quantities of rough fodder must be hauled in to create reserves for the winter.

The problems arising from the difficulty of storing bulk fodder, and of preserving it without loss, are much greater. For example, the annual rough-fodder demand of a dairy farm for 1000 cows is 4500 tons of dry fodder. This converts to at least 18,000 tons of fodder originally that has to be hauled, and about one-half of this has to be stored and conserved.

Other problems also arise. For example, how to prevent environmental pollution in the vicinity of large cattle farms. Ever-stricter regulations require the construction of costly installations to prevent any penetration of the pollutants into the soil or air.

Aspect of Effectiveness

These circumstances and other experiences to date with the construction of large-capacity cattle-housing projects--in many instances their operation did not produce the anticipated effect, due usually to the not entirely complete solution of the encountered shortcomings--led the central managing organs to decide not to tolerate any randomness in the construction of large-capacity housing for cattle where industrialized forms of work are to be employed.

According to the adopted resolutions, construction will proceed in accordance with the principles of a comprehensive efficient system of keep applicable to the entire territory of Czechoslovakia. The scientific-research base for livestock production, in cooperation with a number of other work stations within and outside agriculture, was commissioned to elaborate the plan of an efficient system of keep for cattle on the territory of Czechoslovakia.

This unquestionably is the most important and most challenging task now being solved within the scientific-research base. Work on the plan of an efficient system of keep for cattle is being coordinated by the Research Institute of Livestock Production in Uhrineves. It covers particularly such questions as how to employ expedient specialization in cattle production, primarily from the viewpoint of the feasibility of producing the necessary feed and fodder, and where to locate the future capital construction for the proposed directions of production specialization. Furthermore, an entire set of biological problems is being solved that are related to the requirements for the health and productivity of cattle under industrialized forms of keep. Work of this type is based on utilizing the most advanced breeding methods to obtain a sufficiently large cattle population with characteristics suitable for industrialized forms of keep. In this respect the requirements are uncompromising. The cattle must have outstandingly high milk yields and a robust constitution, and they must be able to tolerate the conditions of keep in groups, and also the other conditions characteristic of the mechanized environment. Likewise the subject of study is the etiology of cattle diseases, the manifestations of which may be atypical under industrialized forms of keep.

One of the main objectives of solving an efficient system of keep for cattle on the territory of Czechoslovakia is to demonstrate the effectiveness of utilizing the progressive results of scientific and technological development, and to attain high labor productivity in cattle production by employing the elements of the technological procedures in industry. In this respect the target parameters are very high: an annual output of 400 tons of milk per dairy cow in milk production, or 300 tons of weight gain per feeder in beef production. This level of labor productivity in milk and beef production, similarly as in hog and poultry production, is already several times higher than the productivty per worker in industry.

Therefore the workers in scientific research and in research and development are concentrating their attention on new solutions for perfecting the basic technological elements of large-capacity housing for cattle. The gravest problems in this respect arise in designing systems for the handling, storage and efficient utilization of the manure that is a very significant by-product of cattle production.

What Has to Be Solved

High indicators of labor productivity in cattle production, and also a certain improvement of the working conditions can be achieved only with a system of litterless keep, under which the produced liquid manure is stored in special pits. A considerable quantity of such liquid manure is produced (in a large-capacity barn for 1000 dairy cows, between 20,000 and 30,000 tons a year), and sometimes the farms do not have suitable acreages for treating with this liquid manure when the storage pits are full. Therefore it is necessary to build the pits with a capacity that will enable the farms to haul away the liquid manure when the fields have to be fertilized, and not when the pits overflow.

No more than 30 tons of liquid manure should be spread on one hectare, and the manure should be plowed under within 24 hours. However, it is very difficult to comply with these regulations in practice, and the danger might arise of the liquid manure's leakage into the ground water or streams, especially when the soil is impermeable or frozen. Hygienists, water conservationsists and other specialists concerned with the living environment do not exclude the possibility that the persistence of infectious bacteria and the occurrence of harmful foreign substances in the liquid manure could create a hazard. It is obvious that in this area there should be closer cooperation between the workers who design the technological systems for keeping cattle, and the workers concerned with the problems of protecting the living environment.

An unfavorable factor in the case of litterless keep is the fact that cattle bred in Czechoslovakia are not sufficiently uniform morphologically, that they differ particularly in their length and overall weight. The dairy cows longer than their stalls lie as far as the grating-covered gutter, develop pressure sores on their udders and soil them, and may also suffer from the cold penetrating from the gutters under the grating. These shortcomings in housing manifest themselves in a higher incidence and less-effective treatment of mastitides. Only suitably selected barriers can eliminate these shortcomings, but such barriers complicate work in the stalls.

Equipment and Technology

The feeding lines now in use must be perfected systematically. Both the stationary and the mobile technological lines have significant shortcomings, particularly from the viewpoint of the specific conditions under which cattle must be fed in Czechoslovakia. In our country we will have to reckon also in the future with differences in feeding during summer and winter, and with the fact that the basic ration will have to consist in most cases of two or three types of feed. Therefore it is necessary to supplement the feeding lines with a mixing installation that will permit feeding the cattle in one operation, with mixes for different production objectives, which will also mean efficient feeding in accordance with the actual livestock yields. The use of automation elements will be a great contribution toward perfecting the functioning of the feeding lines.

Besides the technological problems associated with formulating and giving the cattle their feed rations, an entire range of urgent problems is being solved to ensure a suitable feed base for barn complexes in which there is a high concentration of cattle. The large-capacity operations specialized to attain a high intensity of production must have a continuous supply of feed, and adequate storage capacity to stock feed for winter. Organization of the necessary feed base is a very difficult problem because it requires frequent revisions of the entire crop-rotation system.

A very responsible task of research and development is to design the technology and equipment for storing and preserving rough fodder. Huge quantities are involved because, for example, a large-capacity barn complex for 1000 dairy cows requires 8,000 to 10,000 tons of silage. At the same time the stricter regulations on protecting the living environment require that the silage areas be protected to prevent penetration of the corrosive juices into the soil. The construction of leakproof silage troughs that are equipped with drainage is very costly: an estimated 500 korunas per cubic meter.

The milking line is solved fairly well already now. At a high concentration of dairy cows (for example, over 1000 head), however, it is necessary to change to circular milking rooms of the highest capacity, although they are more demanding from the viewpoint of maintenance and servicing. We must likewise take into consideration that such milking rooms cost substantially more, and also consume more energy, than the most frequently used herringbone milking rooms. An emergency generator should be available in case power service is disrupted. However, the production of such generators in Czechoslovakia is not fully ensured at this time. Milking is the most labor-intensive operation in dairy farming, and therefore the milking lines are being perfected systematically. However, this also means that their procurement cost is rising. Thus the milking rooms of best design and highest capacity are economical only if the annual milk yield per cow is exceptionally high.

Organization and Management

Finally, overall planning of an efficient system of keep for cattle includes also the solution of an entire set of organizational and economic tasks. This involves elaboration of the principles of suitable procedures preceding the startup of a large complex with a high concentration of cattle, and also of principles for the organization, management and evaluation of operation after startup until full capacity is reached. Furthermore, a model zootechnical regimen must be elaborated, including the securing of data for the basic zootechnical records, and methods for monitoring and cutting costs. Such questions as, for example, perfection of cooperational and supplier-customer relations also must be solved.

The knowledge gained by solving the 14 partial tasks contained in the plan of scientific and technological development is being applied flexibly to the extensive standard construction of large-capacity demonstration barn complexes for all categories of cattle. This construction is an inseparable part of solving the overall problem of gradually employing an efficient system of keep for cattle on the territory of Czechoslovakia. The shortcomings are that construction is considerably behind schedule, some of the originally contemplated parts of the technological equipment are unobtainable, the training of workers for the very demanding operations already built is lagging, etc.

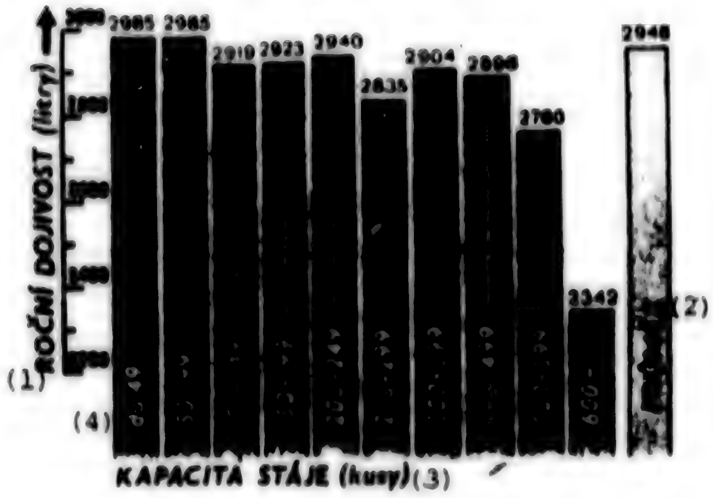
Raising Calves and Heifers

The problems associated with employing industrialized methods are fairly well solved in raising calves and young cattle. If the work rules and zootechnical regimen are strictly observed, very favorable indicators of labor productivity are being achieved, and to a considerable extent this is also true of the indicators of economic effectiveness. With the growing difficulties in the supply of energy, however, new problems arise that disrupt the original objectives, specifically in the case of raising calves. The long-range outlooks held that for a suitable division of labor it would be expedient to free the farms of the trouble of raising their own calves, by establishing central large-capacity barns for calves. During the period when the calves' only nourishment is milk, the raising of calves in such barns is based on dry milk substitutes, which is fairly energy-intensive. The milk for making the milk substitutes for calves must be dried, and the substitutes must again be diluted before feeding. Therefore the raising of calves at the large-capacity dairy barns is based at present on the surplus beestings and raw milk, until weaning. The calves are then transferred to calf barns or prefeeding barns where their feeding is already ensured with starter feeds and good-quality rough fodder, particularly fine hay.

The large-capacity feedlots for heifers report favorable results if the appropriate zootechnical regimen is observed, specifically if the feeding of the heifers is ensured. But here the handling of the manure remains a problem to some extent. The feedlots for heifers, understandably, are located in regions with a higher proportion of meadows and pastures, and consequently less straw is available for litter. Therefore the feedlots choose either flat stalls with meager litter, or litterless keep. In the latter case, however, a concentration of heifers creates difficulties in safely storing and efficiently utilizing the large quantities of liquid manure. For the time being it is not recommended to build feedlots for heifers with grating-covered catchpits, because as yet there is no effective way to make the catchpits leakproof.

Utilization of Feed

On large feedlots for cattle there is added to these shortcomings also the serious problem of how to ensure efficient feed consumption, since the feed accounts for a major proportion of the cost per unit of output. Considerable obstacles to efficient feed utilization are encountered particularly on the large-capacity feedlots of joint agricultural enterprises where it is impossible to avoid the acceptance of feeder cattle of very diverse origin, and hence often differing considerably in their ability to



Average annual milk yield per cow (liters) by categories of barn capacity.

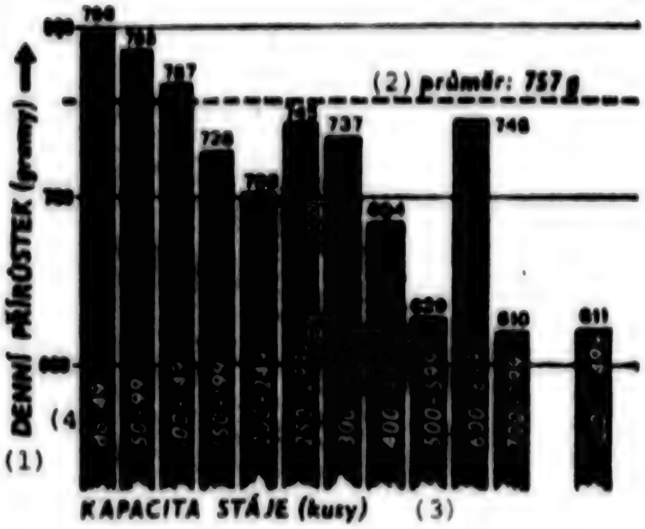
Key:
1. Annual milk yield (liters)
2. Average
3. Barn capacity (head)
4. Up to 49 head

Sources: "Jednorazove Setreni v JZD Viceuceloveho Vyberoveho Souboru, CSSR, 1977" (One-Time Survey of a Multipurpose Sample of Unified Agricultural Cooperatives, Czechoslovak Socialist Republic, 1977);

"Statisticka Rocenka CSSR 1979" (1979 Statistical Yearbook of the Czechoslovak Socialist Republic).

gain weight and grow. Wide variations in the ability to gain weight result in that the weaker individuals are suppressed, their feed intake is limited, as a result of which their growth is even slower. The strong and aggressive steers, on the other hand, consumer more feed than what is required for their growth and development. In fattening cattle to a high slaughter weight, therefore, the customary practice is to separate the less-suitable cattle whose weight gain is not commensurate with the supplied feed ration, and to assign them to less-intensive forms of fattening. After slaughter the cattle that did not fatten well are sold for cold cuts.

The large-capacity feedlots usually are not equipped to classify their feeder cattle and to give them different feed rations. Therefore the supplied carcasses, fattened over the same period of time, show considerable differences in weight and carcass quality. Regrettably, the construction of large-capacity model feedlots for cattle is proceeding slowly, and therefore we cannot yet tell how the newly employed elements for the better utilization of feedlot capacity, for perfecting the supply and intake of



Average daily weight gain of fattened cattle (grams) by categories of barn capacity.

Key:			
1.	Daily weight gain (grams)	3.	Barn capacity (head)
2.	Average	4.	Up to 49 head

Sources: "Jedrnorazove Setreni v JZD Viceuceloveho Vyberoveho Souboru, CSSR, 1977";

"Statisticka Rocenka CSSR 1979".

feed, for faciliting the handling of the animals, etc., have turned out in practice.

Dairy Farms

The situation is the most complex in the large-scale barns for dairy cattle where the introduction of industrial technological procedures encounters the greatest obstacles, and where the costs of construction, mechanical equipment and of ensuring sanitary conditions of operation are almost intolerably high from the viewpoint of the feasible production volume. Also here the construction of large-capacity demonstration barns is behind schedule, and thus the first results of their operation will be available only in 1983 at the earliest.

In building these large-scale demonstration dairy farms, and in setting the principles of their operation, attention was focused on selecting the methods of keep and the technological procedures, so that the environmental conditions for the cows approximate the optimum as closely as possible. For it is generally found that at present the not very satisfactory results of the large-capacity dairy barns built to attain a high number of dairy cows per dairy hand can be attributed in large extent to the fact that cows must expend a certain proportion of ingested feed's energy on overcoming the unfavorable effects of the barn environment. Particularly harmful are the excessive noise, the lack of space for undisturbed feeding and rest, the hard and rough flooring, and the disturbances caused by aggressive individuals. A great problem is the frequent occurrence of dairy cows that suck the milk of other cows. Very important is also the supply of fresh, clean air, without sharp drafts.

In the large-capacity dairy barns it is possible to keep only highly productive dairy cows that are very particular regarding the quality of their feed. Therefore also the questions of ensuring absolutely perfect feed must be fully solved, for example, prevention of the freezing of the juicy fodders in winter, of moldy straw, etc. Solution of the entire range of very difficult problems in conjunction with the large-scale keep of dairy cows is a long-term task. All the new knowledge gained in the course of solution must be fully tested in practice, and therefore we cannot expect that the construction of large and technically perfectly equipped complexes for cattle will spread rapidly. This is due also to the fact that the investment limits will be sharply curtailed for the Seventh Five-Year Plan, and therefore increased attention will have to be devoted to the reconstruction and expansion of existing buildings.

Within the framework of the solved efficient system for the keep of cattle, the new large-capacity complexes will be established in accordance with the objectives of specialization in cattle production, and their mission will be to point the way of further progress in developing the most advanced forms of milk and beef production in Czechoslovakia's socialist agriculture. The fact that this will be a lengthy process must be particularly emphasized. The construction in question will be very costly, and it will be able to produce the desired effect only if all the problems are solved that up to now have been an obstacle to attaining high intensity of production and favorable rates of return in the large-capacity cattle operations.

In conclusion we cannot omit mention of a very important finding. Successful development of cattle production will always depend primarily on mature cadres. Everyday practical examples convince us that a professionally capable collective of technicians and keepers who work together well is far more important for achieving good results in cattle production than are the most sophisticated technical advances. Therefore the highest recognition and appreciation are due to the workers in cattle production, including the high proportion of women among them, who provide for us an abundant supply of increasingly popular basic foods.

1014
CSO: 1400

GERMAN DEMOCRATIC REPUBLIC

INNER-GERMAN TRADE AT HALF-YEAR MARK ANALYZED

Bonn INFORMATIONEN in German No 15, Aug 80 pp 16-17

[Report dated 20 Aug 80 published in 26 Aug 80 BULLETIN of FRG Press and Information Office, reprinted as "Documentation" feature by FRG Ministry for Inner-German Relations: "The Development of Inner-German Trade: Results of First Half of 1980"]

[Text] The FRG Ministry for Economics released the following information: Compared to the same period last year, inner-German trade during the first half of 1980 developed as follows:

	1978	1979	1979	1980	
			First half year		
	in million accounting units		in million accounting units		in percentages
Shipments	4,754.4	5,092.8	2,086.3	2,714.3	+ 30.1
Purchases	4,066.3	4,791.8	2,158.1	2,987.0	+ 38.4
	8,820.7	9,884.6	4,244.4	5,701.3	+ 34.3

The 34-percent rate of increase which has been achieved is a continuation of the accelerating growth that became evident during the second half of 1979. Even when the fact is taken into consideration that particularly with respect to those kinds of goods that have a high turnover rate (petroleum, petroleum products, chemical products and nonferrous metals) prices have had a considerable effect on the development, in general the expansion of inner-German trade has been gratifying on a broad basis. In either category, shipments as well as purchases, there are only a few individual positions that show a decline when compared to the same period last year--and the decreases are very small.

A factor which contributed significantly to the good results was the long-term agreement on shipments and purchases in the energy field that was concluded with the GDR in 1979. It remains to be seen to what extent this expansive development will continue during the second half of the year. At any rate, the basic statistical effect caused by the high rate of increase during the second half of 1979 should lead to a slowdown in the rate of growth, which had reached a high level during the first half of 1980.

As was the case already during the preceding year, GDR sales rose faster (+38.4 percent) when compared to our shipments (+ 30.1 percent), which led to a surplus in the balance of trade for the GDR amounting to 273 million accounting units (first half of 1979: + 72 million accounting units). Without considering the service sector, which traditionally shows a negative balance for the GDR--as a consequence of higher interest payments resulting from long-term financial credits granted to the GDR for shipments of large installations it rose to more than 160 million accounting units--the exchange of goods alone produced even a surplus of 434 million accounting units.

The total balance of mutual liabilities, including the use of swing (so-called accumulated assets) sank from DM 3.91 billion at the end of 1979 to approximately DM 3.65 billion. It is about the same as it was at the end of 1978. As a consequence, the tendency should have increased for the GDR to enjoy greater freedom of movement when it comes to purchases in the FRG.

With regard to shipments, a total increase of 628 million accounting units could be recorded; changes for the most important kinds of goods were as follows:

Shipments

	First half year (in million accounting units)		Changes compared to last year	
	1979	1980	in million accounting units	in percentages
Chemical products	399.6	445.5	+ 45.8	+ 11.5
Machinery, electrotechnical products	318.9	429.0	+ 110.1	+ 34.5
Petroleum, crude	128.7	356.1	+ 227.4	+ 176.7
Agriculture and forestry	160.5	227.1	+ 66.6	+ 41.5
Iron and steel	182.2	147.4	- 34.8	- 19.1
Mining products	166.1	146.2	- 19.9	- 12.0
Textiles, clothing	115.1	130.2	+ 15.1	+ 13.1
Nonferrous metals	89.5	116.6	+ 27.1	+ 30.3
Services	287.7	442.7	+ 155.0	+ 53.9

Only two kinds of goods (iron and steel, mining products) are indicating a decline. For mining products (- 20 million accounting units) the reason is of a "technical" nature, since weather conditions during the first half of 1979 and the accompanying energy shortage in the GDR at the beginning of 1979 led--for a short period of time--to very large hard-coal shipments. All the other important areas partially show considerable rates of increase. In this respect, the increase in our shipments of machinery/electrotechnical products (+ 110 million accounting units) is particularly gratifying; over the last 2 years they had declined considerably because of the expiration of business agreements concluded in 1975 covering large installations. Apparently, the effect can be felt of new large-scale orders by the GDR for installation projects from FRG firms, which began in 1979.

Unusually high rates of growth were also achieved for sales to the GDR of agricultural products (+ 66 million accounting units) and especially of crude oil (+ 227 million accounting units). Crude oil shipments have to be considered in conjunction with trade policies covering our purchases of petroleum products. The high rate of growth in this area, which, after all, amounts to more than one-third of the total increase in shipments, is affected by prices as well as by quantities.

Increases in purchases from the GDR totaled 829 million accounting units; a positive trend is evident in all of the most important categories of goods:

Purchases	First half year (in million accounting units)		Changes compared to last year	
	1979	1980	in million accounting units	in percentages
Petroleum products	398.8	816.7	+ 417.9	+ 105.0
Agriculture and Forestry	320.3	370.3	+ 50.0	+ 15.6
Textiles/clothing	331.4	345.5	+ 14.1	+ 4.3
Chemical products	172.7	331.7	+ 159.0	+ 92.1
Machinery, electrochemical products	139.3	157.8	+ 18.5	+ 13.3
Iron, sheetmetal and metalware	60.5	74.8	+ 14.3	+ 23.6
Pulp, paper	44.2	66.8	+ 22.6	+ 51.1
Stones, soil	25.6	44.3	+ 18.7	+ 73.1
Services	243.9	281.1	+ 37.2	+ 15.3

The growth on the side of purchases is even more widespread than it is on the side of shipments. A subdivision into 22 statistical areas of goods shows that only two kinds of goods, "precision mechanics/optics" as well as "miscellaneous" declined. Nevertheless, half of the entire increase in sales by the GDR was in the category of petroleum products. In this area--although the quantity of shipments was increased only slightly--the GDR could increase its revenues significantly by adjusting prices to world market levels, which had risen considerably. Higher prices most likely played also an essential role in the unusually large increase in purchases from the GDR of chemical products (+ 159 million accounting units). On the other hand, it also reflects an increased supply capability on the part of the GDR, based on expanded capacities in this sector. With regard to textiles and clothing, an area in which purchases had declined last year, the GDR was able to improve its position only slightly--in real terms purchases from the GDR probably stagnated.

To be sure, fortunately GDR sales of machinery and electrotechnical products continued its upward trend during the reported period (+ 13 percent). In proportion to the total of purchases, however, they declined because of the strong expansion of purchases in the area of raw materials and production goods. As a consequence, the desired improvement in the structure of purchases from the GDR could not be achieved; both sides had hoped for a larger share of technological finished products or capital goods.

8991
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NEW INCENTIVE SYSTEM INTRODUCED AT STATE FARMS

Budapest PARTELET in Hungarian No. 10, 1980 pp 50-54

[Article by Zoltan Toszegi, a deputy main department chief in the National Center of State Farms: "New Interest System in State Farms"]

[Text] The change in the regulator system has also had a strong effect on the management of the state farms. The new regulators introduced at the beginning of the year direct the attention of the leaders of the farms toward those activities which are most important from the viewpoint of the national economy. They encourage developing and changing the product structure, and stimulate a better utilization of existing capacity, the modernization of technology, improvement of the quality of the products and better organization of production and trade.

We do not yet have sufficient experience with the newly introduced regulator system. But in surveying its effects we can rely on the consultations conducted at the time of its introduction, the 1980 operational plans, the enterprise wage policy conceptions outlined in the collective contracts, sample economic calculations and information obtained in the course of talks with the leaders and workers of the farms. On the basis of this information we can state that the new regulator system has encouraged the economic, political and representative forums of the state farms to think things over in a basic way and to make decisions based on careful calculations.

The political organizations also have undertaken an active role in preparing and passing the decisions. It is for this reason that it is important that the party organizations, trade unions and KISZ organizations of the farms know in detail the regulator system, its goals and methods, and adapt to the relationships of the economy together with the economic leadership. In this they should be of help to the economic leadership by bringing the workers into the preparation of the decisions, primarily via the forum system of enterprise democratism, informing them and mobilizing them to carry out the tasks which have developed.

Increasing Efficiency in the Foreground

The regulator system measures efficiency not only by the absolute value of profit, but also by the profit per capita and the profit related to the combined sum of assets and wages. Material interest also is attached to the development of these indexes. The way to increase efficiency is correctly indicated by those farms assets and wages. Material interest also is attached to the development of these indexes. The way to increase efficiency is correctly indicated by those farms where they decrease the specific energy and material expenditures of production, improve the utilization of existing fixed and circulating assets, increase the productivity of work at a rate exceeding production and increase profit as a result of all this.

It has been noted in some farms--and this is shown in their operational plans for this year also--that improving these indexes is made difficult by the increase in the cost of expenditures--as a result of the price increases--which was not followed simultaneously by a similar increase in producers prices. In most places, however, they did not get hung up on complaining about the more difficult circumstances. The quick reaction and accommodation to the new situation by those of our farms best prepared to accept the new regulator system is shown by the fact that they prescribed higher profit for this year as compared to the levels already achieved by them. They plan to increase efficiency in a worthy manner with a better organization of their activities, developing their product structure and a stricter consideration of thrift and quality requirements. Thus the Dalmad State Farm planned a profit of 123 million forints, as opposed to 108 million forints in the preceding year, and planned to increase its efficiency index (the quotient of profit and assets plus wages), already very high among state farms, from 12.2 to 13.9. It is also worthy of note that the Bikal State Farm planned for this year a profit of 48 million forints, as opposed to 40 million forints last year, with an increase of the 3.24 efficiency index to 5.22. The prescriptions of the state farms in Alsotengelic, Cegled, Enying, Hosszuhegy, Mezofalu and Pankota, those along the Szamos and elsewhere show similar aspirations.

Under present conditions the development of production will require much better thought out work from all farms than ever before. Independence will demand of the leaders a better market awareness and swift adaptation to changing circumstances.

The producing land is the greatest reserve for management. So the chief goal on all farms should be economical use of the area. The tasks put forward in the party program statement in connection with producing land, classified as a national treasure, are:

--stressed cultivation of better than average soils, realizing the conditions for intensive production here;

--preserving the productivity of the soil in areas classified as average;

--in areas which can be improved making the soil suitable for production by means of melioration investments; and

--on farms with lower production and profitability levels broadening the structure of production with activities which are independent of the natural and soil conditions.

Encouraging regional production can bring considerable results by making use of the reserves of crop production. This does not apply only to farms in unfavorable circumstances which can make use of special supports.

Significant differences have developed among our farms in regard to the efficiency of management. Some of the differences are justified by different natural conditions and equipment levels. We cannot realisitically post as a goal an elimination of differences in the development of production. It would be absurd to expect that the farms with unfavorable conditions could develop such modern producing operations and vertical structures as those with definitely good conditions for agricultural production.

The party organizations could be of great help to the economic leadership in judging this because they could help the economic leadership, by means of their correct stands, suitable arguments and encouragement, to make correct decisions in recognizing that the largest supplementary expenditures and developments are not the best solution everywhere. The state farms in the Bolyi Agricultural Combine, Mezohegyes or Hajduszoboszlo have other possibilities for intensive development, and different requirements could be posted for the development of grape production in Sopron, Szekszard and the Balaton Highlands than could be borne by the farms in the Kiskunsag, Hortobagy or Bihar areas, or by the mountain farms.

The party organizations could post as a goal aid to small scale production. This should be developed in such a way as to completely exploit the existing large scale capacity while aiding and organizing small scale production with material supply, transportation, taking over the produce and the products and giving advice. For example, the Herceghalom State Farm is turning over to the surrounding small producers 5,000 sow piglets per year, the Hosszuhegy State Farm is organizing the production and marketing of vegetables by small producers, and the Kornye Agricultural Combine and Bikal State Farm are producing rabbit meat and marketing it for export in cooperation with small producers.

Regulating Personal Income

The uniform regulation of personal income in the regulator system encourages the development of rational producing activity; it gives more independence to the farms in income management in a form which is more flexible than before. It does this primarily by abolishing the rigid link between wages and production value and by giving broad allowances in the case of activities which are most problematic from the viewpoint of manpower management (the production of vegetables and berries, fruit and grape planting, harvesting of apples, pears and peaches, etc.). In the new interest system those farms which are able to make a higher profit per worker will be in a more favorable situation.

Increasing profit and rational personnel management are in the center and this requires a new way of thinking from the leaders of the farms. The party organizations should help the economic leadership in this also. This is especially necessary when changing the structure of production, or when some organizational measure forces the workers to change jobs on the farm or possibly to leave the farm. In these cases the party organization should help them to understand the necessity of the changes, and should see to it that the changes are carried out without hurting the workers affected, with farreaching care for them. And the party organization should see to it that those who do "suffer" from the changes should be primarily the disorderly, undisciplined people who lag in work.

We originally supposed that there would not be any considerable reduction in force on the state farms in the wake of the new wage and income regulation. Our information from the sites confirms our supposition. In any case this would have been no different if the wage fund management system had continued because reductions in force virtually ended in 1977 on the state farms and there has been no change in this respect since. This was also confirmed by the 1980 operational plans. The reason for this is that the strongly developing auxilliary and subsidiary activities absorb the personnel being freed from basic activity.

So the chief aim is not a reduction in force at any price but rather the employment of the personnel with well organized, worth while work. In come cases--especially on farms with weak natural conditions--a useful solution is to do this even at a lower level of labor productivity because this is more economical than creating the conditions for mechanization.

Despite its many favorable effects the new regulator system is not free of problems. For example, there are various differentiations in the wage regulation system but essentially what is involved is simple average wage regulation. The disadvantageous effects of this (weakening personnel management, lax control of the flow of purchasing power, etc.) are well known. Despite all this both the planned magnitude of the increase in the wage level and the best use of the possibilities for generating the shares fund direct the attention of the farms to increasing efficiency and increasing the economicalness of expenditures. It is fairly clear to our farms that less expenditure in agricultural production need not result in a decrease in production. The leaders of our farms correctly interpret the economic significance of increasing yields and the necessity of rationalizing expenditures and we need not fear that the profit-centered nature of the new regulator system will lead to a neglect of production levels.

We must also reckon with the fact that the wage management system has become more complex because the taxation, allowances, personnel accounting and other factors require from the leadership the recording and processing of very many data and a knowledge of all the interdependencies and effects--in order to permit an overview of the whole system. There are still differences among the leaders of the several farms in regard to complete mastery of the system and a recognition of the interdependencies.

Differentiation or Leveling?

The question of differentiation or leveling is the dilemma of the wage management system. The present system of wage regulation strongly favors the leveling tendencies. (There are fewer possibilities for increasing the wage level on farms with higher average wages and more possibilities on farms with lower average wages.) But share regulation has an effect in the direction of differentiation. This, however, because of the size of the shares, can affect only about 10 percent of the earnings. Thus the leveling effect is the stronger. The question is whether the leveling orientation of the entire system can be accepted over the longer run.

We feel that it cannot, and we must start trying now to mute this effect by correcting various elements. This might be done by making it possible even for the farms with higher average wages to increase average wages more quickly in some way. In addition it might be useful to build into the system a preference which would encourage reductions in force.

In addition to the question of differentiation and leveling between enterprises, the farms are greatly concerned with the differentiation of wages within the farm. We do not find among the leaders of our farms any objection to this in principle. They consider it justified for a worker to earn more if he takes a larger part in social production with his work. But they are only slowly beginning to change the earnings ratios which have developed. There are very many reasons for this. One should mention, for example, the opinion that the magnitude of wage development--by the utilization of which one might begin a greater differentiation--is so small that it does not make possible any real progress. One can hear opinions according to which the leadership cannot undertake to achieve differentiation by reducing the wages of some workers or working groups. There is a unanimous opinion that this would not be acceptable today either socially or politically. The problem is increased by the fact that the leveling of wages came about by a swifter increase in wages for those earning less; there were not only standard of living policy reasons for this, which is to say that a number of central measures forced the enterprises to do it, but also it was an important factor that the socially developed wage requirement for part-time work or hard and mass work (requiring a large labor force for a short time) increased more quickly than that for other work.

Interdependent with such circumstances is the fact that branch earnings deviate from the average wages for the economy in general by 15 percent in both directions. A greater deviation is found only in the earnings of the drivers of combines and large tractors and in those of workers doing the hardest work in animal husbandry. In general they are trying to realize differentiation within individual branches and work areas by paying performance wages. This is being realized most of all in tractor-combine work and in animal husbandry.

In the case of machine work the differentiation is achieved by paying piece-wages for quantitative performance. The problem with this is that in some cases the increase in output is achieved to the detriment of the quality of the work, and so it is not certain that the tractor driver who earns the most is the best tractor driver on the farm. The contradiction appearing here can be resolved only if the quality indexes set in the technological prescriptions are made a condition for wage payment.

In animal husbandry quantitative, qualitative and rentability conditions constitute the basis for calculating wages. Actually this wage system can be called the best developed, the one which best realizes a harmony between earnings and the effectiveness of work.

When dealing with the wage system the party organizations should examine two questions. The first is what interdependence has developed between the technological prescriptions and the earnings of the workers. On most farms the technologies have now been prepared in writing. These set forth in detail the methods of production and the parameters of work (for example, the depth of planting, row distance, the number of vinestocks, the depth of cultivation, etc.). Today, however, the workers have less interest in fulfilling these indexes. So we must strive to make a more significant portion of the earnings of the workers dependent on fulfilling these indexes.

The other chief question is to improve the system of accepting work. We cannot tolerate a formal system of accepting work, of "documenting" work, which adjusts the performance to a level of earnings which was developed by the needs of the workers. Only a consistent and principled stand can bring better results than at present in this question.

Modernizing the activity of the farms and their functioning in the economic environment which has developed places numerous tasks before the economic leadership. It is our conviction that the effective cooperation of the party, trade union and KISZ organizations is indispensable in the solution of these tasks, and it is especially vital that they take a correct stand in questions of political and social import and in this way aid in laying the foundations for economic decisions.

8984
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IMPLEMENTATION OF RESOLUTIONS IN INDUSTRIAL PEST COUNTY STUDIED

Budapest PARTELET in Hungarian No 10, 1980 pp 62-66

[Article by Dr. Andras Arato, secretary of the Pest Megye Party Committee: "Execution of the Resolutions in the Center of Work"]

[Text] A circumspect passage of party resolutions and organizing the execution of resolutions stand in the center of the guidance work of the Pest Megye party committee also. It also encourages the city and jaras party committees in this direction. We have worked out and begun to implement, in the spirit of the party's policy and the resolutions of the leading organs, long range conceptions in the areas of economic policy and ideological work and party life.

The dynamic development of the megye demands that the party committee examine the changes which have taken place in social life and define the political tasks in connection with them. Thus we have analyzed the development of the social role of the workers, their activity and their working and living conditions. We have dealt with the living conditions of commuting workers and the Gypsy population and the social, cultural and public life activity of the intellectuals. In the near future we plan to define the tasks of political work to be done among women and youth.

We try to realize a unity of ideological-political and practical organizing activity in guidance work. As a result of this the members of the party committee are participating in ever larger numbers in exchanges of experiences on the spot, aiding and supervising the execution of the resolutions. Their experiences are used in a far-reaching way in political leadership. The lower level party organs, including reports by the communist leaders of state, economic and social organs in their sphere of authority, provide much experience and information.

We turn appropriate attention to the areas of state, scientific and cultural life in addition to economic work. Before all else the megye party committee is guided by the aspiration to aid more effective execution with a trustworthy survey of the given situation, discovering the causes of achievements and problems, and with political guidance.

We use other methods also to supervise the execution of the resolutions. The members of the megye party committee regularly participate in the corporate sessions and membership meetings of various party organizations. A significant number of them actively participate in the brigade examinations. We feel that these methods of aiding and supervising execution are in harmony with the resolution of the 12th congress and jointly strengthen the collective character of work and personal responsibility.

To a significant extent the fate of the execution of the resolutions depends on the level of the work taking place in the primary organizations. Knowing this, the megye party committee regularly deals with preparing the secretaries and leadership members of the primary organizations. Each year we care for the further training of about 500-600 primary organization secretaries in such a way as to place the emphasis on an appropriate adaptation of the basic central and megye resolutions. We deal continually with the so-called "scope of activity" training of leadership members in the interest of strengthening their independence and responsibility in execution of the resolutions. It is our experience that the continual training contributes significantly to the development of adaptive preparedness. In this way also we help them to see that crucial link in connection with each resolution which is the key to realization of the whole resolution.

The Results of More Modern and More Efficient Economic Work

In connection with the Central Committee resolutions of October 1978 and 6 December 1979 passed for the development of the economy we took the position that before all else we had to get the leaders and technical experts working in the guidance of economic life to understand them. We encouraged them to try to create the technical conditions for further development and to work on a transformation of the product structure. As a result 75 percent of the products of the Csepel Auto Factory, which had been struggling with problems earlier, are now new goods which can be sold well. The Mechanical Works achieved noteworthy results in abolishing obsolete products and in a more efficient employment of manpower; they now produce about 90 percent new, modern products. In the Diosdi Bearing Factory, as a result of the reconstruction and good work organization, productivity and the ratio of exportable products have increased significantly.

Naturally such a large scale change of products required good preparation of decisions and proper political work from the guiding party committees and the factory party organizations. The switchover affected several tens of thousands of people in the factories of the megye. The party organizations discussed the political and human effects of the planned decisions. They weighed politically whether the planned decisions were in harmony with the resolution of the Central Committee. In many places lively debates preceded each decision. The party organizations were informed about the movement of manpower, the necessary regroupings, the development of work discipline and the wage situation on the basis of reports from leaders and exchanges with workers. They not only performed situation analysis but also examined concretely the local tasks.

In the Csepel Auto Factory, for example, the primary organizations did concrete and persuasive political work for the practical realization of the party's economic policy. Several thousand skilled and semiskilled workers had to be convinced that in the future they would have to do a different sort of work in the new shop hall. Several hundred people were convinced that instead of the engine assembly work they had been doing they would have to do welding or metal work and would have to get the necessary training. In the Mechanical Works the workers had to be switched over from special and assembly work on oil stoves to the manufacture of paint sprayers, which demands highly skilled training.

The collective of the Danube Petroleum Industry Enterprise in Szazhalombatta is producing, as a result of the local adaptation of the execution of party resolutions, chemical products thanks to which they increased their dollar export four times in 3 years.

In the wake of executing the resolution in the majority of the factories of the megye they had to carry out a planned regrouping and retraining of manpower. The party organizations and individual communists did responsible work in this also. We came to this conclusion when, on the basis of a resolution of the megye party committee, all the factory party organizations of the megye asked for reports in the first half of this year from the economic leaders about the status of manpower management. The megye party committee was represented at 40 places and the megye economic and cooperative policy committee and then the megye party committee debated the experiences gathered together with the guiding party committees.

The reports and examinations well serve the execution of the resolutions. They are helping the economic leaders and the factory party organs to adapt to the changing conditions better and more quickly. At the same time we also found that attitudes and behavior do not always change easily. Some leaders feel that planned management is impossible under the new circumstances and feel that they cannot follow the constantly changing prices for raw and primary materials. They feel that the problems existing in the areas of manpower management and work discipline can be solved only by central measures. They do not see the possibilities of differentiated wage payment. These experiences set further tasks for us in political work, argument and persuasion.

On The Road to Realizing Our Agricultural Policy

The existence of well prepared cadres is a very important condition for adapting resolutions and fitting them to local conditions. This is testified to by the experiences in the megye in execution of the 15 March 1978 resolution concerning the development of agriculture.

Each year work talks are held, organized by the state and economic guidance organs of the megye at the time of preparing the five-year plans of the producer cooperatives, at which they agree on which cooperative plans to increase to what degree its production of milk, vegetables and bread grain. Here we try to create harmony between needs and possibilities. The standard is very high also in regard to the production costs with which the products will be produced.

It is evidence of the successful execution of the Central Committee's agricultural resolution that today the cooperative leaders are proud not only of the fact that average milk production has increased by several hundred liters in the past 3 years, and that thus production per cow in the megye exceeds 4,000 liters per year, but also of the fact that in a number of producer cooperatives one liter of milk is produced from 32-35 grams of fodder. But while this was happening there were many debates and exchanges between the party organizations and the cooperative leaders. The results now prove that it was worthwhile to be consistent and demanding. The fact that not one of the 80 agricultural cooperatives in the megye had to undergo financial reorganization in the past 3 years is also part of the work done in the spirit of the resolution. This required that every party member working in agriculture knew his own concrete task which had to be performed to achieve the overall result. We created the conditions for this by holding membership meetings in every primary organization working in an agricultural operation at which the local tasks deriving from the resolution were debated. A session of the megye party committee summed up the experiences and tasks of the debate--since a representative of the megye party committee participated in every membership meeting--and an agricultural development conception extending to 1990 was adopted taking into consideration the local recommendations.

We have achieved outstanding wheat production in our megye. This cannot be attributed only to the favorable weather. The deliberate work of the experts and producer cooperative members had a very great role in the results.

We have found that the great majority of the party organizations of the industrial and agricultural operations correctly designated those concrete economic policy tasks which serve the attainment of national and local economic goals. But knowing the results of the first half year we can also say that the initial uncertainty connected with the new price and regulator system has ended only partly and the enterprises continue to carry out their economic activity with increased caution. Despite the problems and difficulties the socialist industry of the megye has produced less than this time last year by only 2.8 percent and production has developed in a more differentiated way than in recent years by branch of production and by product.

The work plans of the party organizations reflect the requirements of the Central Committee resolution. These plans place in the foreground quality, efficiency, export, modern product development and thrift. It is thanks to this also that nonruble accounting export was higher than 1 year ago by 38 percent and ruble accounting export by 11 percent. There can be no doubt that a role was played in these achievements by the active work of the communists and party organizations, their persuasive, organizing activity in prompting action.

Naturally we should not be silent about all those problems the solution of which requires further efforts on the basis of party resolutions. Investment activity has moderated further, but the rate of fulfillment of investments under way has decreased. The output of the contracting construction industry lags behind the prescriptions of the annual enterprise plans and the actual performance of the preceding year. The 2 to 3 week delay in the maturation of agricultural products has moderated the growth in the production of the foodstuffs industry.

Developing Organizing and Persuasive Work

The guiding party committees in the megye have not yet succeeded in executing the implementation of the resolutions with suitable consistency in every case. There are several reasons for this.

We find in a few cases in regard to the jaras and city party committees that there is not a suitable link between the passage and execution of resolutions. They turn great care to preparing a given resolution, they perform a careful analysis and pass a good resolution but then they feel the matter has been taken care of. In many cases these resolutions still do not set down the points of execution and supervision or those responsible. What we need is fewer new resolutions and more effort turned to executing, aiding and supervising the existing ones. The level of execution and of supervisory work must be raised to the level of the work done in preparing resolutions. Thus--as the 12th congress said--organizing and supervising the execution of resolutions must be placed in the center of work in all areas of party life.

The megye party committee and the party organizations have done much to make the party members of the megye better acquainted with the resolutions of the congress. We are trying to see that the party membership, having a knowledge of this, will stand up for the policy of the party and support local decisions in harmony with the positions taken by the congress. In the first place they should report on the resolutions of the higher level party organs at the membership meetings. This is the forum where the communists first debate the concrete local tasks and develop their uniform positions. Here are formulated those ideas which give an answer to the questions of "why," "what" and "how," and which represent for the communists the material for agitation arguments.

At the forums of place of work democracy the activists of the party, KISZ and trade unions try to acquaint the entire working collective with the local tasks. And the leadership should use in its work the opinions and creative recommendations voiced here. We do not say that there are no problems in regard to the substantive functioning of this forum system. There are leaders who underestimate the significance of this and there are party organizations which recognize to only a small extent the possibilities hiding in it. Still we find that the great majority of political and economic leaders think together and work with the working collective and have recognized that the forums of place of work democracy are among the most effective arenas for agitation connected with production and management.

The tasks can be discussed and announced in many other ways in addition to the forums mentioned. There are local newspapers and factory news services in more than 70 places among the industrial and agricultural operations of the megye. The publications of these are popular, they well serve to inform the workers and they direct attention to daily and long-range tasks and the problems to be solved.

We consider it our task to further increase the role of the membership meetings in the execution of the resolutions. This is why we should decrease the number of obligatory membership meeting agenda points in order to make it possible for them to deal with the resolutions in the way which best suits local conditions.

We consider it necessary for the party membership to participate more fundamentally in passing local resolutions. We should provide more opportunity for individual party members to become acquainted with draft resolutions in the party groups. The leaders of the primary organization should consult with them about proposals coming before the membership meeting. Only in this way can we place more definite requirements in execution before the party groups and individual party members. At the membership meetings concrete assignments should be given to all those communists who are able to play a worthy part in the execution of a given party resolution.

We are convinced that as a whole the execution of party resolutions is favorable in the megye. But in addition many problems still make swifter progress difficult.

Our party organizations perform their political guidance work under varying conditions. The changing economic circumstances and cadre conditions influence the success of execution. Because of the narrow nature of these conditions a few primary organizations find it difficult to deal with the increased requirements. So we consider it our task, all the more, to help their work and make them suitable for the perfect execution of political decisions.

8984
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POLAND

CHADZYNSKI ASSESSES POLISH EXPORT ACTIVITIES IN U.S.

Warsaw ZYCIE WARSZAWY in Polish 15 Aug 80 p 5

[Article by Henry Chadzynski, special correspondent: "The Fundamental Sales Principle"]

> [Text] "PROMINEX," the Polish enterprise in New York that sells our glass, porcelain and other products in the United States, cannot complain about an excess of offers from domestic suppliers. If there was an increase in receipts last year, and this year's sales should also show an increase, this is due less to larger shipments than to better prices. But the enterprise is not alone in this respect; this is the trend in this sector. What is important is that the better prices should be taken advantage of immediately.

Jozef Partyka, manager of "PROMINEX," shows invoices which reveal 15 percent higher prices this year for glass and crystal and 12 percent for porcelain. The figures refer only to the first half-year, for the situation for the following months is not known. Inflation, higher labor costs, and above all, higher fuel costs in this energy-intensive sector--all mean that the purchasers of these products will accept the need for price adjustments with understanding, but not with joy.

"PROMINEX" is a young enterprise, not quite five years old. During this time the value of sales has multiplied and this year sales will approach 40 million foreign-exchange zlotys. Last year for the first time, our thin-walled, undecorated hotel porcelain was introduced into this market on a large scale. It comprised about 40 percent of the total ceramics exported to the United States and was sold to a large Los Angeles firm. The beginnings were not easy because the "Lubiana" Works was not prepared for such a large expansion of exports and it took a great deal of work to meet the quality requirements, particularly as to packing, of the purchasers. After a year of cooperation, certain conclusions were drawn which promise considerable increases in sales. In the future, "PROMINEX" wants to sell decorated hotel porcelain to other buyers.

In the sector of ceramic materials and glass, the opinions on our suppliers were generally favorable--they promptly react to customers' needs and requirements. The efforts and endeavors of the glass works in Krosno, which has a good reputation in this market, were particularly noted. Unfortunately, the same cannot be said for suppliers from other industries. The manager of our furniture company, "AMPAG," Wojciech Janaszewski, told me of certain furniture manufacturers who think that everything they make is absolutely perfect. All observations that sometimes it is better to make something simple that is saleable, instead of something that is more complex but for which there is no market, go unheeded. In any case, there is a totally different situation in the furniture sector as concerns retail prices, which, of course, are increasing, but not as fast as production costs. For some time now, according to Mr. Janaszewski, prices in specific furniture categories have stabilized. A higher price can be obtained only if the boundary of the category is crossed and furniture of another class is delivered. "AMPAG" is the only one of our firms that has furled its sails and moved from New York to the heart of the furniture industry. I spoke with the boss of the enterprise just before the move to High Point, North Caroline, the large furniture center where the largest furniture marts in the United States take place twice each year. The new location costs incomparably less, notwithstanding the better working conditions not provided by the close quarters in Manhattan. But it is obvious that it is not necessary to be in expensive Manhattan. To be successful in the market, one must be in the center of the sector. Due to tremendous distances and transport costs, the furniture will be ordered in elements and assembled locally. Operation in such a large center provides opportunities for entering into co-production agreements with the local large commercial firms, for which a single piece of furniture comprising an element of a set sold in large quantities, can be produced. But for this, close cooperation with the domestic industry is required. Unfortunately, models for furniture were shown to me for which a a long production time was required. This made it impossible to come out with a bid at the time the demand was there.

It is difficult to understand why the reaction of our exporters is so delayed. If in the case of furniture, production of a new model took time, another example, given me by our trade consul in Chicago, Ireneusz Kubiczek, was more difficult to explain. For a year and a half there was no reply to an inquiry on dehydrated soups. On the whole, the food sector, apart from "ANIMEX" which has proven operating methods and its own sales organization, has not been taking advantage of opportunities. This is not hard to believe since the exporters exhibit a peculiar indifference. They know best. They are the smartest ones on the lot. When they were told that in six containers sent to the United States half the bottles of mineral water were broken, they sent back a letter, my informant tells me, that they know more about this than the complainant and that they know how to load into the container. No matter that one third of the container was empty--they know more. The same as one of our managers, of higher than average rank, who in visiting the boss of a large concern lectured him during the entire visit on how the business should be organized. Only during the leave-taking was there an unexpected retort. The host thanked him for all the advice and simply expressed amazement that with all that knowledge, the manager's actual results were so modest.

Unfortunately, often because of just such a know-it-all attitude, we lose a great deal. In this market a case of mineral water brings more than a case of beer. That fact is, export of mineral water and beer both could expanded on a large scale, to say nothing of the completely mysterious events with somehow strangely slowed down the export of our vodka. Only now has the situation in the food sector improved. It may be, for example, that a change in the agent for Polish vodka will bring the desired results, although it is about time that independent operations in the sector are achieved. Experience has shown that a Polish enterprise, or one financed by our capital, can operate successfully. A foreign agent's monopoly often can be a hidden obstacle in trying to find a market.

Our exports to this market amount to almost 500 million dollars. Our purchases, particularly in view of grain and fodder imports, are much greater. These proportions must be reversed. True, our export continues to encompass new fields; products of the electrical machinery industry now occupy an important place. But we are still not selling items from many traditional sectors. Certainly it would be more profitable for us to export candy to the United States than to sell sugar to someone else. We could increase sales of many food products, such as those previously mentioned--dehydrated soups, to say nothing of mineral water and other beverages. Many factors enter into this. In many cases, regardless of the obstacles, which we normally call objective ones, the reason is simple. We have forgotten the fundamental sales principle--that the customer is always right.

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WEST GERMAN COMMENT ON PROBLEMS OF SELF-MANAGEMENT SYSTEM

Bonn DIE WELT in German 18 Oct 80 p 25

[Excerpt from article, "A Cold Winter Threatens Yugoslavia" by Carl G. Stroehm]

[Excerpt] A few days ago Branko Horvat, the prominent Yugoslav economist, sharply criticized attempts by the Yugoslav republics to form themselves into enclosed economic units. He further criticized the practical implementation of the 1965 economic reform. "At the time of the reform we warned that the concept of it was false. The desire was to develop self-management, democratization. But the conception was bound to lead to a recession and to unemployment." Horvat said the only alternative was the one "which we economists endorsed: the further working out of the planned economy and market system, which was suitable for self-management. This alternative consisted of the fact that the self-management units would have full freedom of action and at the same time a coordinating mechanism would exist which would ensure that individual actions did not come into disharmony with common goals."

But instead of real freedom of action, a para-state, ...alternative evolved. A veiled interventionism developed which crippled the economy. The active factors in the economy thus today have almost no room for movement.

Basically, the Yugoslav economic experts blamed the political leaders who, they say, hampered functioning of the market economy through political intervention. The manner in which the government devalued the dinar was, they said, "a blow to the economy."

The head of a Yugoslav self-management enterprise said: "When the workers strike here, the party places itself on their side and declares that the director and managers are to blame. We directors are on the bottom in this system. I cannot even fire a single lazy employee because I would immediately have everyone on my neck, the workers council, the trade union, the party, even the court. But if one of my workers or employees wants to leave, he can do so immediately. And when anything goes wrong, I am to blame..."

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